



Prime Minister Thatcher, "sad" but not bitter at having to leave No. 10 Downing Street.

Major, Thatcher's Choice, Heads to Wire

By Craig R. Whitney
New York Times Service

LONDON — Prime Minister Margaret Thatcher wants John Major, the chancellor of the Exchequer, to succeed her in the second ballot of the Conservative Party leadership contest on Tuesday, according to one of her closest aides.

"She regards him as a true man of the people and has had her eye on him for a long time," the aide said.

Mr. Major appears to be running neck and neck with Michael Heseltine, the former defense secretary whose unexpectedly strong showing of 152 votes on the first ballot last week forced Mrs. Thatcher to withdraw from the race.

Mr. Major and Mr. Heseltine are expected to leave Foreign Secretary Douglas Hurd trailing a distant third when the 372 Conservative members of Parliament vote Tuesday. But with widely conflicting claims of support from all three camps, it is unclear whether any of them will get the 187-vote majority necessary for victory.

If not, the legislators will pick the winner in a third ballot Thursday, naming their first and second choices. The second preferences of the candidate who comes in last, if there are still in the race,

would be distributed between the front-runners to determine the new leader.

The bookmaker Ladbrooke has made Mr. Major a 4-to-7 favorite, with Mr. Heseltine's odds at 11 to 8 and Mr. Hurd's at 10 to 1.

Mrs. Thatcher will resign as soon as the winner is chosen. She will submit her resignation to Queen Elizabeth II, who will then ask Mrs. Thatcher's successor to form a government.

Mr. Hurd, 60, a Cambridge-educated former diplomat with a patrician manner, said Monday that he was confident that he could "come up through the middle" and win.

Mr. Major, 47, the son of a circus performer, left school at 16, never went to university, and knows what it is like to be unemployed. Mrs. Thatcher, accused of being distant from the common people, thinks her protégé is in touch with ordinary folk, the Thatcher aide said, and she prefers him to Mr. Hurd because he is younger.

It is unclear what effect her preference will have on the campaign. His outcome will be determined by legislators' judgments about which contender has the best chance of leading the party to a fourth straight general election victory over the opposition Labor Party and of helping them save their own parliamentary skins. Many had concluded

that Mrs. Thatcher could not. A general election must be called by mid-1992.

Mr. Major was campaigning vigorously with a team of 50 people, all determined to stop Mr. Heseltine, 57, a former defense minister.

Cecil Parkinson, the transport minister and one of Mrs. Thatcher's most dedicated supporters, endorsed Mr. Major on Monday. He was the eighth member of her cabinet to do so publicly, while six have backed Mr. Hurd and one has come out for Mr. Heseltine.

Mrs. Thatcher had a farewell lunch at her residence, No. 10 Downing Street, on Monday for 24 members of her political inner circle.

Downing Street officials are saying that Mrs. Thatcher is not bitter over the way that she was forced out. She is said to be "sad," however, that her old ally Sir Geoffrey Howe brought party divisions to a boil with his House of Commons speech Nov. 13, bitterly attacking her combative approach to Europe.

According to accounts by Mr. Wakeham and others, however, the hours last Tuesday and Wednesday when she finally realized she could no longer be prime minister were a time of tears, agonizing consultations and personal pain.

UN Wrangling Over Date for An Ultimatum

But U.S. Expects Approval On Use of Force in the Gulf

By John M. Goshko
Washington Post Service

UNITED NATIONS, New York — Immediate disagreements over timing divided the five permanent members of the UN Security Council on Monday when they began discussing a U.S. call to authorize military force to end the Iraqi occupation of Kuwait, according to diplomatic sources.

The United States pressed for a deadline of Jan. 1 for President Saddam Hussein to withdraw his forces or face allied action. Others nations urged that the Iraqi leader be given more time.

Diplomatic sources said there was considerable dispute over the point, with the Soviet Union proposing that it be set back at least until late January and other countries arguing that it would be unwise to specify any date at all.

U.S. officials acknowledged that it would take time to deal with all the conflicting concerns. But, they appeared reasonably certain that by the end of the week, the resolution could command the votes of up to 13 Security Council members.

U.S. officials said their primary goal was to get a UN stamp of approval for military operations against Iraq, if the option appeared unavoidable, and that they were prepared to be flexible about the question of a deadline.

As of Monday night, the feeling among diplomats at the United Nations was that the Security Council either would abandon the idea of a deadline or set one later than Jan. 1.

And the White House press secretary, Martin Fitzwater, said the United States remained optimistic about winning approval for a new

UN resolution setting a deadline for an Iraqi withdrawal.

Mr. Fitzwater said the administration believed there was a value in setting a date because it "lets Saddam Hussein know exactly what kind of timeframe we're talking about" and "takes some of the uncertainty out of the situation."

[Iraq, meanwhile, said the proposed UN resolution would not

Crisis in the Gulf

Renewed war fears made oil prices volatile. Page 11.
Three American men are to be freed by Hussein. Page 7.

force it to withdraw from Kuwait, the Associated Press reported.

"If anybody believes that this new resolution will influence our position or force us to abandon our rights, they are completely wrong," the ruling Ba'ath Party said in its daily newspaper, *Al-Nasr*.

The U.S. hope was to have a resolution ready for a vote, tentatively on Thursday, at a Security Council meeting attended by the members' foreign ministers and presided over by the U.S. secretary of state, James A. Baker 3d.

The operative part of the U.S. draft resolution "authorizes member states cooperating with the government of Kuwait, unless Iraq on or before Jan. 1, 1991, fully implements the foregoing resolutions, to use all necessary means to uphold and implement the Security Council resolutions passed in response to Iraq's invasion and occupation of Kuwait, and to restore international peace and security in the area."

It further "requests all states to

See UN, Page 2

Quit Kuwait or Else, Moscow Warns Iraq

By David Remnick
Washington Post Service

MOSCOW — Mikhail S. Gorbachev warned Baghdad on Monday that if it did not withdraw from Kuwait and release all foreign hostages, Iraq would have to face the consequences of a "tough resolution" against it in the United Nations.

Tass said that Mr. Gorbachev told Foreign Minister Tariq Aziz of Iraq that Baghdad had to begin taking concrete steps to show that it wanted to avoid war in the Gulf.

Mr. Gorbachev told Mr. Aziz, Tass said, that "if Iraq really wants a settlement in the entire region and is trying to avoid the worst, it must now openly declare and show in its actions that it is leaving Kuwait, freeing hostages and in general is not preventing anyone from leaving Kuwait."

"Otherwise," he said, "the UN resolution will be adopted — a tough resolution."

The statement referred to a resolution now being prepared by UN Security Council members, led by

the United States, that would lay the political foundations for the potential use of force against Iraq.

Foreign minister Eduard A. Shevardnadze is scheduled to leave Wednesday for New York and take part in the meeting of the Security Council.

Mr. Gorbachev and Mr. Shevardnadze have signaled that they have grown so frustrated with Iraq that they are prepared to vote for the resolution despite earlier hesitation.

In a session of the Supreme Soviet on Monday, Mr. Gorbachev told the legislators that the Soviet Union must continue to cooperate with the rest of the world to show Mr. Hussein "that there is no hope that he can break international unity."

"We should prove to ourselves and to all nations that we can solve the most acute conflicts by political means characteristic of this new era," Mr. Gorbachev said.

But during his meeting with Mr. Aziz, Mr. Gorbachev seemed espe-

See MOSCOW, Page 2

Mazowiecki Resigns After Election Loss

Walesa Faces Tyminski in 2d Round

Compiled by Our Staff From Dispatches

WARSAW — Prime Minister Tadeusz Mazowiecki and his government resigned Monday after a political newcomer dealt him a humiliating defeat in the first round of presidential elections.

"Society has made a choice, and I have drawn a conclusion from it," Mr. Mazowiecki said. "I have decided to submit the resignation of my government."

He added: "We accomplished a great deal over the past year. The election results, however, showed that the government's political line had come into question."

The prime minister finished third in presidential elections on Sunday, failing to qualify for the second round Dec. 9 with Lech Walesa, the Solidarity leader.

Mr. Mazowiecki was knocked out of the race by the surprise second-place finish of Stanislaw Tyminski, a wealthy businessman who returned to Poland this fall after 21 years in Canada and Peru. News of Mr. Mazowiecki's resignation drew an angry reaction from Mr. Walesa, who had supported him for the post of prime minister but then split with him over the pace of change.

"That's great responsibility," Mr. Walesa said sarcastically. "Now, let the Poles see this responsibility, this patriotism and this democracy of Mazowiecki."

With Mr. Mazowiecki's resignation, a new prime minister presumably would be nominated to Parliament by the new president.

Mr. Walesa called Mr. Tyminski,

42, "an accident in Polish democracy" and said he was not "a serious man."

With all 49 provinces reporting, Mr. Walesa had nearly 40 percent of the vote, Mr. Tyminski 23 percent and Mr. Mazowiecki 18 percent. Three minor candidates split the rest, according to election commission results collected by the official news agency PAP. Turnout was estimated at 61 percent.

There was no indication whether Mr. Mazowiecki would throw his support to Mr. Walesa, or what his backers would do. Mr. Mazowiecki vowed to continue "the struggle for a democracy as we want it." But he added: "I am afraid I expect a period of chaos."

Failure to Communicate

Blaine Harden of The Washington Post reported from Warsaw: The surprising third-place finish of Mr. Mazowiecki reflects a failure by his Solidarity-led government to sell its free-market economy to workers, rural people and the young.

Voters on Monday used the words "arrogant" and "elite" to describe a government that 14 months ago was hailed as a triumph of democracy over communism.

"Grave mistakes were made in our information policy before and during the election," a Mazowiecki spokesman said. "This government failed to explain the good deal of success it achieved during the last year."

The shock of Mr. Tyminski's

See POLAND, Page 2



Lech Walesa, looking surprised and tired in Gdansk on Monday, will be challenged by Stanislaw Tyminski for Poland's presidency.

Nuclear Plant Problems Make Prospects Dimmer in Bulgaria

Washington Post Service

KOZLODUY, Bulgaria — No other nation depends more on a single nuclear power plant than does Bulgaria on the one beside the Danube here. The Soviet-designed plant represents more than 40 percent of Bulgaria's electrical generating capacity.

The Kozloduy plant had a generator accident last month, forcing all of Bulgaria to go on a two-hour-on, two-hour-off electricity regimen. Workers here have protested that there are not enough experts to run

the plant's seven reactors. Last week, Bonn permanently shut a nuclear plant in the former East Germany similar in design to Kozloduy.

Outlook is bleak in Soviet city with increasing pollution. Page 8.

dry's, saying it could not meet modern safety standards.

In a post-Communist country already jolted by oil shortages, food shortages, unpayable debts, severe industrial pollution and governmental paralysis, such events raise

the possibility that life in Bulgaria may soon get even darker.

The International Atomic Energy Agency has begun a comprehensive investigation of safety at Kozloduy. Under scrutiny are four reactor blocks that lack concrete containment domes for sealing in accidental radiation; they are considered essential safety features in Western countries.

"I think that safety must be the first consideration, not economics," said Kiril Nikolov, Kozloduy's general manager. "If we

prove in the investigation that the plant is not safe, we must make the decision to close it down."

There is little doubt about the effect of such a closure. "There would be a great economic disaster with unpredictable social consequences," said Krasen Stanchev, chairman of the National Assembly's environmental committee.

Bulgaria's energy predicament differs only in its severity from that facing much of Central Europe. Czechoslovakia depends on three nuclear plants for a quarter of its

electricity; four reactors produce 48 percent of Hungary's electricity.

Lacking oil, and too polluted to tolerate more coal-burning plants, these countries have been backed into a dangerous corner. They can close the plants, and strap their economies at a vulnerable point in the transition from socialism to capitalism, or they can stick with technology that does not meet safety standards.

This post-Communist quandary is one in which the rich countries of Western Europe, fearing a repeat of

the 1986 Chernobyl nuclear disaster, take a keen interest.

The Austrian environment minister, Marilene Flemming, has said that the Kozloduy plant and ones like it constitute "the biggest threat to Central Europe."

Several Bulgarian specialists say that Western Europe's concern about a possible nuclear accident should translate into financial help — concessional loans or grants. Mr. Stanchev appealed to the EC

See NUCLEAR, Page 2

Matsushita to Pay \$7 Billion for MCA

By Lawrence Malkin
International Herald Tribune

NEW YORK — In the largest and perhaps the last of the foreign megadeals for a piece of America's entertainment empire, Hollywood's MCA Inc. agreed Monday to be acquired by Japan's Matsushita Electric Industrial Co. at a cost of more than \$7 billion.

The takeover links Matsushita's Panasonic, Technic, and Quasar brands with such American movie icons as "E.T." and "Jaws" in MCA's huge film library.

These and forthcoming films from MCA's Universal Studios will be available as software for the company's technological advances such as high-definition television. MCA also has a record division to be acquired by Japan's Matsushita Electric Industrial Co. at a cost of more than \$7 billion.

The Japanese company, the world's 12th largest with \$37.8 billion in sales in the financial year which ended March 31, agreed to pay \$6.13 billion in cash for MCA, which earned revenue of \$3.4 billion last year.

That works out to \$66 a share, but the price will be augmented by the prospective sale by MCA of WWOR-TV to an American buyer in order to comply with the government ban on foreign ownership of U.S. television stations. The New York-area station is expected to bring about \$500 million, which would add another \$5 to the value of each share.

Thus the MCA stockholders expect to realize about \$71 to \$72 a share. In addition to its cash payment of \$6.13 billion, Matsushita

will take on about \$1 billion in MCA debt.

The deal dwarfs the most recent big Hollywood acquisitions by foreign companies. Sony Corp. paid \$3.4 billion to acquire Columbia Pictures Entertainment Co., while Pathe Communications Co., controlled by the Italian financier Giancarlo Parretti, paid \$1.3 billion for MGM/UA Communications Co.

Although all the new foreign owners want top Hollywood talent, See MCA, Page 12

Sacred Cows vs. Consumers in New Delhi

By Steve Coll
Washington Post Service

NEW DELHI — Flush with disposable rupees and emboldened by political influence, members of India's rising urban middle class are stepping out of their drawing rooms to raise a revolutionary demand: cow-free streets.

Yatinder Kumar Nagar says he has heard just about enough cow-bashing from the capital's bourgeoisie. Mr. Nagar is a municipal cow catcher, a crew chief in Western joggling shoes who cruises New Delhi's smoky, congested streets in a cattle truck, responding to complaints about wayward animals.

It is true, Mr. Nagar concedes, that wandering cows — not to mention donkeys, pigs,

camels and elephants — pose a serious traffic hazard. The cows, evidently well aware of their status as holy creatures in the Hindu pantheon, are especially prone to strolling onto major thoroughfares and plopping down in the right-hand turn lane for an afternoon nap. No Hindu will wake the beast, and any nonbeliever who harms a cow risks being beaten by an angry mob.

Sleeping cows are a particularly lethal hazard for the urban middle class, whose car of choice is the Indian-made Maruti, a zippy beer can of a vehicle that tends to crumple on the slightest impact.

Cow catching represents just one front in a broader war being waged by India's urban

middle class to improve the quality of life in the country's densely populated cities and towns. For the first time in India's history, the middle class is large and idle enough to turn its attention to consumer concerns such as pollution, truth in advertising and bovine safety hazards.

Estimated at between 80 million and 150 million people, the Indian middle class is large in terms of absolute numbers but small as a percentage of the population of about 820 million. Still, because of its wealth and dynamism, the middle class wields disproportionate clout. Consumer activist groups are springing up in all of India's major cities, pressing business and

See COW, Page 2

Klosk

4 Abducted In Colombia

BOGOTA (WP) — Leftist guerrillas have kidnapped four petroleum engineers, three Americans and a Colombian, the state oil company, Ecopetrol, said Monday.

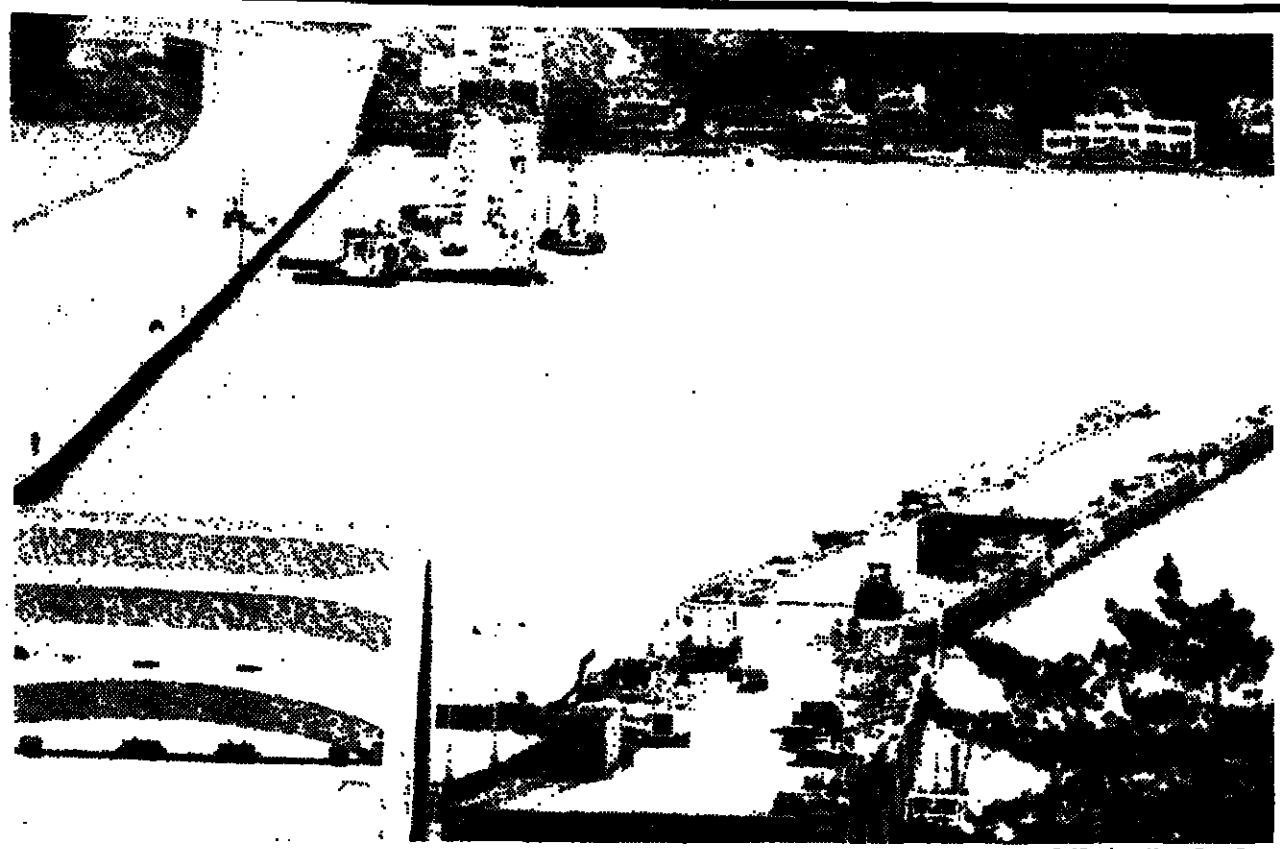
Elsewhere in Colombia, the Medellin drug ring freed one of nine journalists it had abducted to pressure the government into negotiations. Juan Vitta, the editor of Hoy por Hoy magazine, taken on Aug. 30, was freed.

General DeCenci sought to "bring heat" on a banking regulator, an aide said. Page 3.

Style
Spencer House in London, renovated by its tenant, Lord Rothschild, will be a site for elite entertaining. Page 10.

Crossword Page 10.
Weather Page 2.

Dow Jones		The Dollar	
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A BRIDGE COLLAPSES IN SEATTLE — A section of an interstate highway bridge across Lake Washington in Seattle collapsed over the weekend after being buffeted by storms that brought record rainfall and high winds. The collapse created chaos for commuters. More than 2,000 people were reported homeless in Washington state as floodwaters started to retreat Monday. Twenty rivers overflowed, and rain was abundant, with 5.82 inches in Olympia and 3.56 inches at the Seattle-Tacoma airport.

DeConcini Had Sights On Official, Aide Says

The Associated Press
WASHINGTON — Senator Dennis DeConcini of Arizona wrote to an aide in 1986 asking what "we can do to bring heat" on a federal banking regulator who was opposed by a savings and loan executive, the Senate Select Committee on Ethics was told Monday.

The senator's memo to his aide, Laurie A. Sedlmayr, was written in December 1986, after the savings and loan executive, Charles H. Keating Jr., had made clear his opposition to Edwin J. Gray, a federal regulator who wanted Mr. Keating's Lincoln Savings and Loan Association to adhere to investment limits.

Robert S. Bennett, special counsel to the committee, cited the memo in questioning Ms. Sedlmayr during the panel's fifth day of hearings into allegations that Mr. DeConcini and four other senators improperly intervened with regulators on behalf of Mr. Keating.

Ms. Sedlmayr said she was aware that Mr. Keating wanted Mr. Gray out of office. Mr. DeConcini wrote her a memo on Dec. 11, 1986, citing press accounts of potential financial and ethical problems facing Mr. Gray and asking, "Anything we can do to bring heat?"

She said she responded five days later, saying it was "probably unnecessary" for him to take action and suggesting that he "stay out of this." Ms. Sedlmayr, under questioning by Mr. Bennett, said Mr. Keating was more aggressive than many other businessmen with whom she had dealt.

"I found him to be something of a zealot and I wasn't comfortable with that," she said. "I think the senator probably thought I was overstating the case."

Mr. Keating and his associates contributed \$1.3 million to the campaigns of the five senators or to their favored causes.

Mr. DeConcini, a Democrat, was the only one of the five who attended the session Monday. The other four are Alan Cranston of California, John Glenn of Ohio, John McCain of Arizona and Donald W. Riegle Jr. of Michigan.

The committee also was expected to question Ms. Sedlmayr about a memo she wrote to Mr. DeConcini in 1987 suggesting a possible deal with the government on behalf of Mr. Keating's savings and loan.

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U.S. Beacon for Irish Emigrés

Bush to Sign Bill That Would Lift Shadow of Illegality

By Timothy Egan
New York Times Service

NEW YORK — A tentative existence, life in the shadow of the law, is about to end for thousands of Irish immigrants who have been living in the United States without visas or legal documentation.

Irish immigrants are awaiting President George Bush's signature on an immigration bill that would more than double the number of visas available to natives of Ireland.

The Irish immigrants see the bill as their ticket out of a life lived in fear of discovery. The bill, which Congress passed in October, will guarantee that applicants for work visas will not be arrested or deported while the application is processed.

"Ireland is an economic disaster right now," said Finola Doherty, who came to New York in 1988 and has worked at a succession of jobs. "Here, there is work and a community where you can fit in, but we've had to keep our heads down."

The Irish, of course, are not singular in their status in the United States as illegal aliens. But they have been hard hit by recent immigration policies that have made it impossible for most of those who wanted to stay to become legal residents, with work visas known as green cards.

The overwhelming majority of the Irish in the United States illegally have overstayed six-month tourist visas.

Since 1980, more than 180,000 Irish people, or about 5 percent of the population, have left the Republic of Ireland. Fleeing a country where nearly one in five citizens are out of work, the new Irish immigrants have come to the United States largely for the same reasons that drove previous generations across the Atlantic.

More than 40 million Americans trace their ancestry to Ireland, according to the U.S. Census Bureau. But unlike earlier Irish immigrants, most of the new exiles are hiding from federal authorities, rather than registering with them.

"When you're looking at this country through a barred window, you can't take full advantage of it," said Seamus Heaney, national chairman of the Irish Immigration Reform Movement, an organization that advises immigrants.

Of the more than 600,000 applications for visas in the last three years, about 54 percent were from natives of Ireland. The vast majority of those Irish applicants were turned down, in part because immigration policy favored applicants with immediate family members already in the United States.

A gulf of nearly 40 years between the last big wave of Irish immi-

grants and those who have come in the last decade has made it difficult for most of those who want to stay to qualify for work visas. Recent immigrants from Latin America, Southeast Asia and Africa are more likely to have immediate family members in the United States.

In an attempt to redress the imbalance, Congress included a provision in the new immigration bill that would grant work visas to nearly 50,000 Irish over the next three years—more than double the number granted in the last three years.

All told, the new immigration bill would allow about 700,000 people to come to the United States in the next three years, up from 500,000 that would have been admitted.

U.S. officials say that from 40,000 to 110,000 Irish are living illegally in the United States and that most will be able to stay, either with the new visas or through marriage to Americans.

Some of the new arrivals say they have bought false birth certificates, which are sold on the black market. Most of the illegal Irish immigrants live on a cash economy, the men working day labor jobs or in

bars, the women working as babysitters, house cleaners or waitresses. Without a work permit, they have been unable to get driver's licenses, open checking accounts or qualify for health insurance. When they are injured on the job, they cannot qualify for public health care or assistance.

Their biggest fear, they say, is being deported. In San Francisco two weeks ago, a group of Irish immigrants were rounded up by Immigration and Naturalization Service officials who were acting on a tip from an informant, their lawyers said. They were allowed to stay in the country pending a hearing.

"Quite a few people have been picked up here in the last year," said Maire O'Mahony, a teacher from Ireland who works with immigrants in San Francisco. "Following the earthquake, there was a lot of work here for the Irish in construction, but now they are encountering a great deal of heartache."

Fewer run-ins with immigration officials have been reported in New York. But the fear of being turned in and sent back to Ireland is no less real. The informants, in some cases, have been Irish-Americans, say some immigrants.



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Female Factor Peaking in Labor Force

By Louis Uchitelle
New York Times Service

NEW YORK — Although U.S. women seem as committed as ever to holding jobs, they are no longer joining the labor force as rapidly as they did in the 1970s and 1980s.

The change of pace beginning to show up in Labor Department data suggests that the number of women working or job-hunting is being held down by such developments as an incipient recession and a rising number of births.

Some economists and sociologists contend that as a group women might be approaching the upper limit of participation in the work force, one imposed by a society that gives women primary responsibility for children yet does not furnish adequate child care.

Most of these experts agree that the ceiling, if it exists, will rise again, perhaps by the end of the decade, if the child-care barrier and other issues are resolved.

"The pattern is changing — the rip-roaring increases in labor participation among women have finally leveled off," said Thomas Piewes, an associate commissioner of the Bureau of Labor Statistics. "Is this permanent? Our best thinking would say that it is not. Women in the labor force behave more like

their fathers than their mothers." The milder growth rate might have a silver lining, perhaps helping to reverse a 20-year trend in which the median incomes of all workers have failed to keep up with inflation.

"If women enter the work force in smaller numbers, labor could become a scarcer commodity, one that can't be thrown away or underpriced so easily," said Frank Levy, a University of Maryland labor economist.

For nearly two years, the percentage of working-age women actually in the U.S. labor force — holding jobs or actively seeking them — has leveled off at around 57.7 percent, according to the Labor Department. By comparison, 75.6 percent of working-age men are in the work force.

While the participation rate of men has been gradually dropping, that of women has climbed sharply since 1960, when it was about 37 percent.

More significant than the overall figure, the labor participation rates for women in the two largest age groups — 25 to 34 and 35 to 44 — have risen since 1986 at a much slower pace than in the previous 10 years.

In the 25-to-34 group, for exam-

ple, the participation rate was 73.1 percent as of last month, an increase of only two percent since October 1985. In contrast, the rate jumped 5.6 percent from 1981 through 1985 and 9.8 percent in the late 1970s.

Labor economists and sociologists say the recent trends in women's participation in the labor force have not yet been sufficiently studied to identify precisely the forces at work.

But interviews and a data review reveal major themes. One is that the slowdown in the economy is hitting hardest at industries in which women are heavily represented, including business-like financial services and retailing.

That contrasts with recessions in the mid-1970s and early 1980s, which decimated manufacturing's concentration of blue-collar male workers.

Now, women losing their jobs might be staying home for a while rather than searching for scarce jobs, economists say. Young women are also dragging down the participation rate. In the 20-to-24 group, the percentage of women in the labor market has declined from nearly 73 percent in 1985 to 71.8 percent last month.

Rising college enrollment helps explain the absence of these women from the labor force. So does low pay — often below \$8 an hour for the less educated.

These women frequently make ends meet by living with parents, or they enter the labor force only sporadically, economists say. Black women under 24 in particular have far lower participation rates than their white counterparts. In addition, Hispanic women of all ages, many of them first-generation immigrants, also have lower participation rates than white women.

Many Hispanic women prefer to be homemakers, sociologists say. The sudden rise in birth rates might be the most important factor of all.

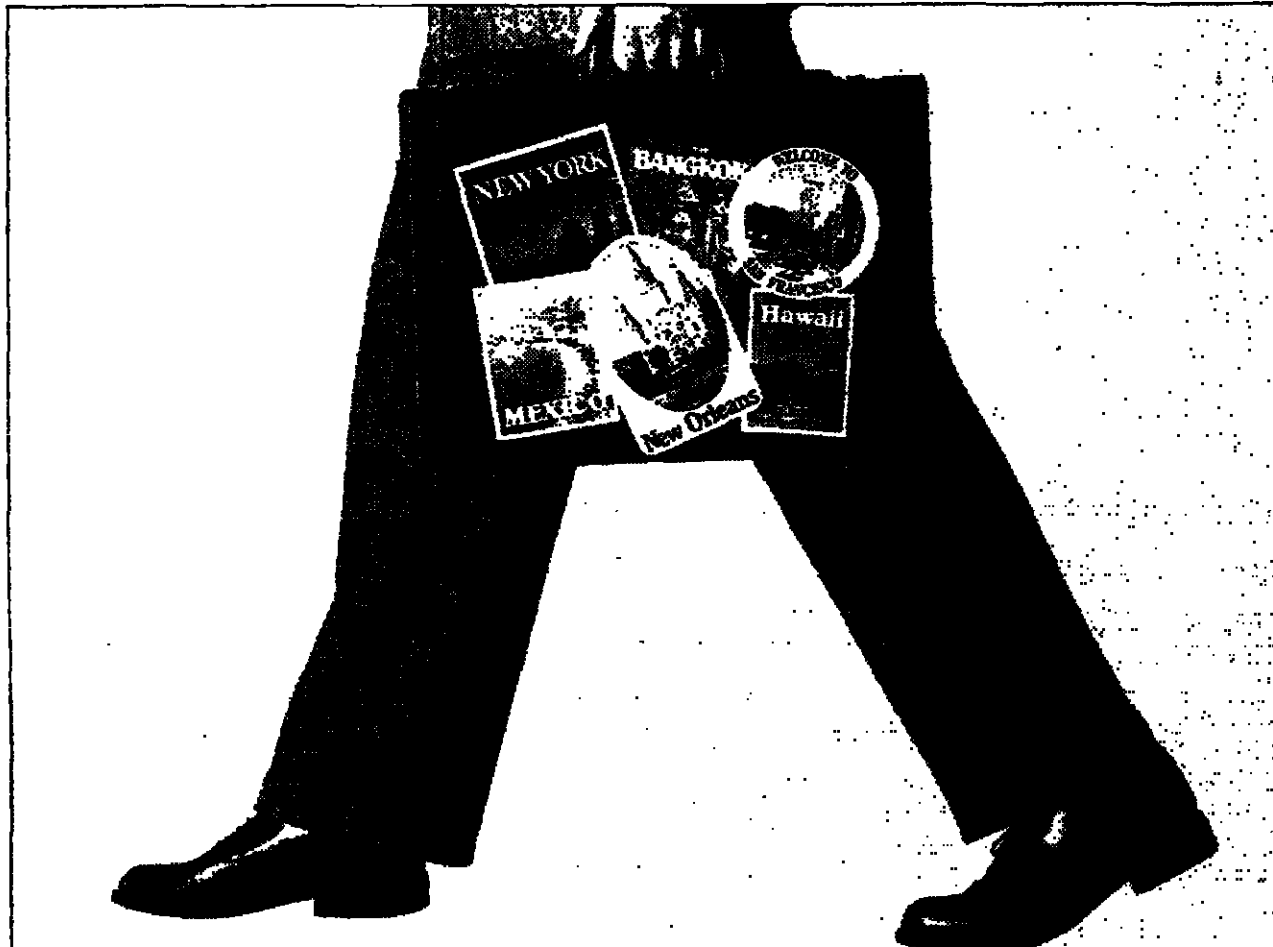
Married women in their 30s and early 40s, women who delayed having children while they established their careers, are now having children. At the same time married women in their late 20s are also having children, rather than delaying parenthood as their older colleagues often did.

"The younger women are going ahead with motherhood even if it means giving up the extra income for a while and facing a declining standard of living," said Katherine Newman, a Columbia University anthropologist.

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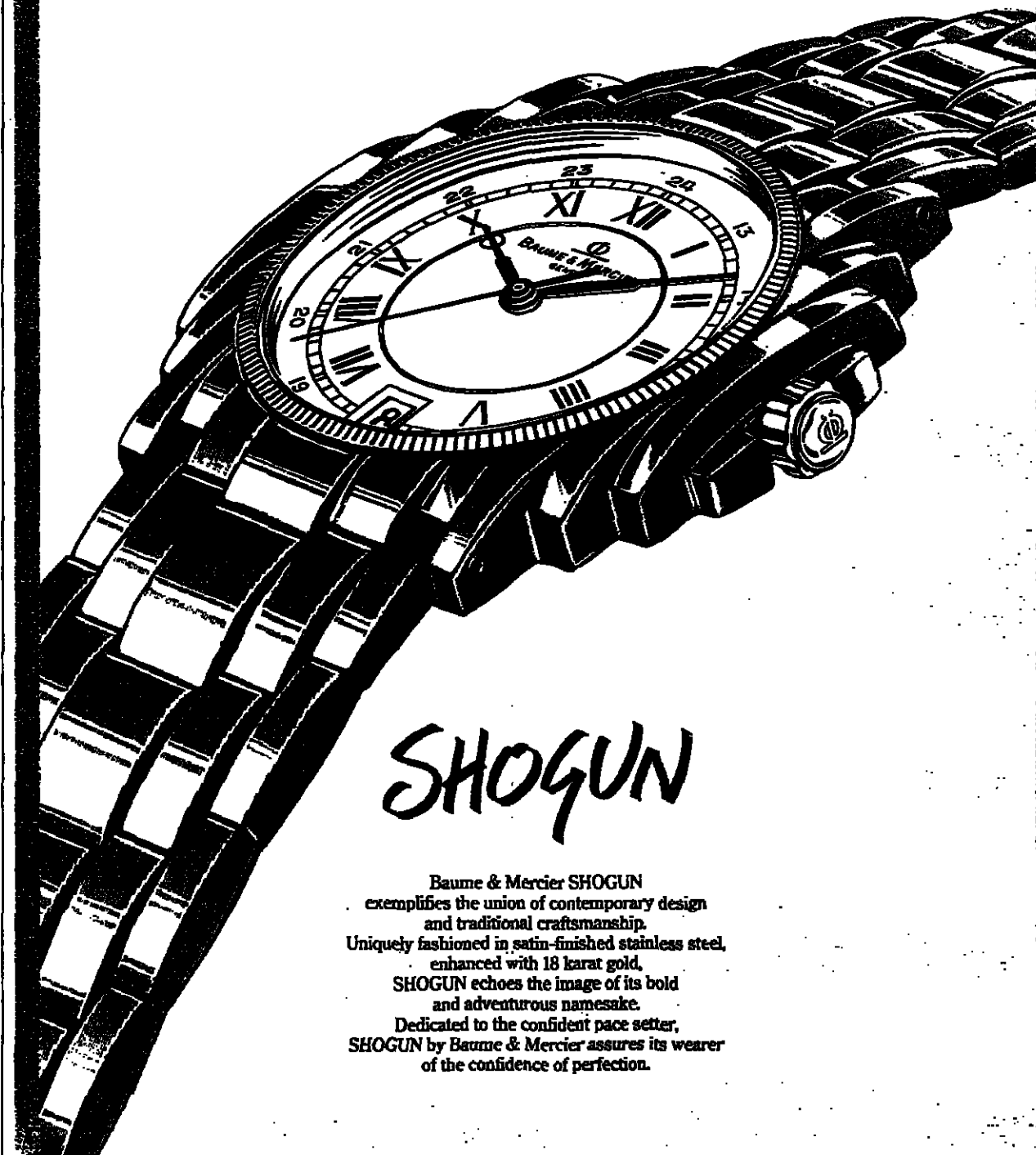
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BEYOND PERFECTION.

INTERNATIONAL Herald Tribune

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Repression in Iran

A world preoccupied with Iraq has taken too little note of relentless repression in neighboring Iran. This is now partly remedied by a United Nations report corroborating charges of cruel and inhuman punishment inflicted by Tehran's mullahs. It makes gloomy reading. Executions by sword, amputations and whippings are routine. Fear is pervasive. Religious minorities are deprived of rudimentary rights. Death squads are accused of killing an exiled opponent. This offers small comfort to those who hoped for greater moderation after the death last year of Ayatollah Ruhollah Khomeini and the end of the long war with Iraq. The United Nations should hold Iran to account for transgressions, and press for continued monitoring by its Human Rights Commission.

The first UN report on Iran was justifiably faulted as mealy-mouthed. In a more forthright follow-up, Reynaldo Galindo Pohl of El Salvador confirms that at least 113 Iranians have been executed since March, often without lawyers or even formal charges. A discharged civil servant was sentenced to 74 lashes for robbery, and finally to decapitation by "the just sword of Imam Ali."

Europeans eager to trade with Iran may well ponder the fate of Roger Cooper, a British businessman arrested in 1985 for overstaying his visa and held ever since without trial or charges. More sinister is Iran's presumed involvement in the machine-gun-

ning of an exiled opponent, Kazem Rajavi, in Switzerland last April. Mr. Rajavi, whose brother leads the opposition People's Mojahedin, was postrevolutionary Iran's first representative to the United Nations.

Deplorably, Iran continues to persecute members of the minority Baha'i faith. Baha'is adherents lose jobs, pensions and access to secondary schools. They are compelled to return their salaries as public employees unless they renounce their religion. Mr. Galindo Pohl found that treatment of Baha'is has improved only to the extent that fewer are imprisoned and executions have apparently ceased.

The harsh climate of intolerance is partly the result of a power struggle among the ruling clergy, in which the radicals challenge the religious credentials of less ferocious leaders. This places a premium on implacability, and as a result all Iran suffers. And not just Iranians. The death sentence on the novelist Salman Rushdie, a British subject, still stands, and pro-Iranian gangs in Lebanon still hold foreign hostages.

To all this, Iran's lame rejoinder is that other Third World states behave worse, that brutal punishment is sanctioned by Islam and that Iran will close its doors to United Nations investigators if criticism persists. It is a response worthy of fear — Iran.

— THE NEW YORK TIMES.

If Trade Talks Fail

Suppose the trade talks collapse next month. It looks increasingly probable. The consequences would not be sudden or dramatic — no immediate catastrophes. But there would be an increasing drag on economic growth throughout the world. It would be especially harmful to the United States, which is counting on a fast rise in exports to pull it rapidly through the recession that seems to be under way in America and to give momentum to the recovery.

President George Bush understands the importance of these talks and has been pressing other governments vigorously to respond. But he is distracted by the Gulf. The European Community is similarly distracted by Eastern Europe and does not want to deal with the politics of its grossly expensive and disruptive system for protecting its farmers, which will probably be the immediate cause of the trade talks' failure.

The purpose of these talks, known as the Uruguay Round, is to bring the rules of trade up to date. International trade has expanded enormously in recent years, reaching into new areas and involving products to which the old rules apply awkwardly or not at all. Practices that made little difference on a small scale now are major issues. Some products, such as textiles, have previously been left outside the trade rules. But if Third World countries cannot sell

their textiles in North America, they are not likely to agree to observe American patent rights in their own markets.

If the talks fail, the world will have wasted a great opportunity to make international trade law fairer and more effective. Because the present system is inadequate, it will start to erode. Countries will increasingly rely on protectionist measures. In the absence of established general rules, special interests will prevail — always at the expense of consumers.

There are many trade quarrels in Washington and in other capitals that have been held in abeyance pending the outcome of the Uruguay Round. If these talks produce nothing, the lawyers will then go to work under national laws which, in America and most other countries, have a strongly protectionist tilt to them. Since the process is adversarial, the rising friction will affect political relations among governments. It has all happened before, although not since 1945.

The Uruguay Round is the eighth cycle of world trade negotiations since World War II, and all of them until now have been, to one extent or another, successes. The result has been a steady force for greater commerce and rising prosperity. A failure now would threaten to turn economic history, and perhaps not only economic history, in other directions.

— THE WASHINGTON POST.

Drug Legalization?

Crack created a crisis of criminal justice and revived support for legalizing drugs. Aren't the violence and other public costs of keeping drugs illegal even worse than the harm caused by the drugs themselves?

That is the question posed by a corps of responsible people, as conservative as William F. Buckley Jr., the columnist, and as liberal as Ira Glasser, head of the American Civil Liberties Union. They base their case on economic arguments, on the violence created by making drugs illegal and the fearsome public expense of arresting, prosecuting and incarcerating drug violators. Yet their arguments pass far too quickly over a single practical question: How would legal drug distribution work?

Promoters of legal drugs say that this is just a detail to be worked out by bureaucrats once society accepts the concept. But in fact the "detail" is a central concern.

It is also the subject of an article in *The Public Interest* by James Jacobs, a New York University law professor. By fleshing out what legalization would mean in practice, Mr. Jacobs says he hopes to advance the debate. That he certainly does.

The "simplest yet boldest scenario," he asserts, is to lift most prohibitions on drugs so that they may be sold as freely as alcohol or tobacco. Some supporters of legalization say it would not result in much more drug abuse than occurs now. Mr. Jacobs says that is naive, given America's interest in chemicals that seem to solve problems or bring happiness.

Legitimate purveyors of drugs would naturally seek to expand their markets. Inevitably, they would spawn side businesses — magazines to educate consumers about drugs, legal crack houses where addicts gather to socialize. The likely result would be a dramatic expansion of drug addiction. Any gains from reduced criminal justice costs might be powerfully offset by increases in drug addiction, child abuse and similar social ills.

Other questions multiply. How would the present machinery for regulating food and drugs deal with heroin and cocaine? Would they have to run the formidable gauntlet of government testing and review designed to show that they are "safe and effective for a specified use"? That would defeat the main goal of legalization: making drugs quickly available so as to put the black market out of business. Yet exempting hard drugs from such regulation would

create an awkward anomaly: Crack and heroin would be sold like candy, while many cough medicines, diet pills and anti-biotic drugs illegal even worse than the harm caused by the drugs themselves.

Exempting the hard drugs from regulation would also increase, perhaps prohibitively, the manufacturer's liability for suicides, overdoses and any injuries traceable to drug abuse. It is unlikely that producers would feel protected by the warning label that Mr. Jacobs imagines: "Crack is a powerful psychoactive product that can lead to hyperactivity, extreme depression and addiction. . . . Use by pregnant women causes addicted and damaged babies."

Not all those who support legal drugs favor selling them over the counter. Some suggest distribution through "state stores" run by government agencies. It is an idea that collapses on a moment's reflection. If such agencies followed the example of those regulating gambling in Nevada and New Jersey, it is likely that they would soon focus on maximizing drug sales to maximize government revenues. But if they behaved more responsibly, limiting access to drugs, that would defeat the goal of destroying black markets.

"Advocates of drug legalization," Mr. Jacobs writes, are in effect urging the United States "to engage in a massive experiment" with extreme risks. Those who think it can work have a responsibility to explain how.

— THE NEW YORK TIMES.

Other Comment

The Economic Case for Major

John Major has the strongest economic claim to be prime minister. His year at the Treasury has been distinguished by sterling entry into the exchange-rate mechanism of the European Monetary System, an achievement that had eluded several predecessors. He is beginning to sound confident on other areas of economic policy. He knows the perils of interventionism. On noneconomic matters, his instincts are decent, his diligence undeniable. Britain's governing party is badly divided, which means that Britain is being governed badly. Taking a deep breath, looking to policies and future promise rather than personality and past deeds, the right post-Thatcher choice would be John Major.

— The Economist (London).

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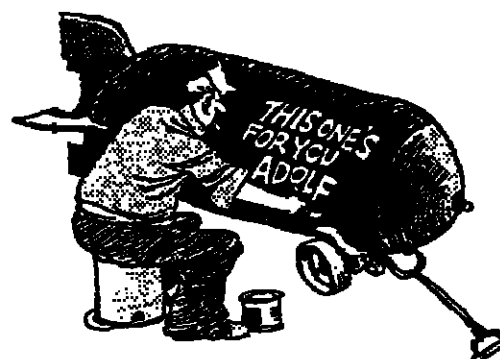
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WORLD WAR II



The World Should Start Listening to Liberians

By Lionel Rosenblatt

WASHINGTON — As a veteran observer of refugees in Southeast Asia, I was prepared to see suffering when I went to West Africa to assess conditions for Liberian refugees. Like almost all refugees, the Liberians brought little with them except tales of horror — but these were the sort of atrocities I had not encountered since listening to Cambodian refugees who fled the murderous Khmer Rouge more than a decade ago.

Sometimes the terror in Liberia is random: villages burned, inhabitants massacred. Sometimes it is dreadfully focused, as in the instance of a young woman who told us how her brother had pleaded for her life, saying to take his instead; his captors obliged, killed him before her eyes and left her to go on to a lifetime of nightmares.

I found two things astonishing about the Liberian situation and its refugees: the hospitality of neighboring countries and the apparent willingness of the international community to tolerate continued violence that indiscriminately generates more dead, more wounded and more displaced. The problem is large: more than half a million Liberians have fled to Sierra Leone, Guinea and the Ivory Coast. Counting those displaced inside Liberia, half of the country is homeless. This may be the current world record for displacement.

Yet there are no refugee camps. Hospitality is given by villagers in neighboring countries. To see this personal generosity is deeply moving. There is an extraordinary willingness among those who have little to share with those who bring nothing. In effect, the villagers were the sole international donors to Liberian refugees until the slow-moving relief machinery began to respond, months after the first refugees fled.

The advantages of living in a village environment, instead of confinement in a refugee camp, are great. Village life permits dignity and freedom of movement, not possible in the confinement of a camp and at a much lower cost. The refugees may be poorer than those in Southeast Asia, but their daily existence is immeasurably better.

It is now past time for the international community to reimburse the front-line village hosts. Yet the rice and other food now finally being distributed in these villages goes to refugees only. An international appeal for aid to some 200,000 villagers in Guinea to replenish their food supplies has received only scant international support. One hopes that the United States will lead the way in generating the overdue response to this appeal.

If it is time to recompense the villagers of the neighboring countries, it is also time to encourage an end to the fighting in Liberia. Even before the Gulf crisis, the United States apparently decided to sit on the sidelines rather than seek a settlement in the Liberian civil war. The bitterness among the refugees toward all fast food, but there especially is grief that America has failed to play a strong role to end hostilities. Officials in Guinea and the Ivory Coast, as well as U.S. diplomats in the two countries, believe that active U.S. intervention months ago could have saved hundreds, perhaps thousands of lives.

It is time to put other solutions in place. The cease-fire engineered by Assistant Secretary of State Herman Cohen in late September lasted only days, but that peacemaking attempt does show the

potential for constructive involvement. What is needed from Washington is a presidential push for a settlement, starting with a new cease-fire.

Perhaps a United Nations peacekeeping component could be added. Secretary-General Javier Perez de Cuellar should appoint a high-level representative immediately. But with the African group at the United Nations split, he can move ahead only with support from major powers like the United States. Where are the voices in and out of government for a more responsive approach to Liberia? Those in the U.S. Congress who follow Africa, including the Black Caucus, have been generally passive. Meanwhile, the media continue to allow the Gulf to dominate their radar screens.

While pressing for a more effective U.S. approach to the Liberian civil war, Washington should encourage recent, belated American actions to get food to Liberia. Starvation is looming. As helpless as the Liberian refugees are, they never forget to remind a visitor of the need to get food to their brethren back home and the imperative to stop the fighting.

Obstacles to increased food delivery need to be addressed. Maritime carriers must be insured, the interdiction of food must be ended and the facilitation of distribution on the ground improved. These problems are solvable, and the world should be doing more than watching Liberia starve.

It is unconscionable that the international community is not acting more effectively on Liberia.

The writer, executive director of Refugees International, recently visited Liberian refugees in Guinea and the Ivory Coast. He contributed this column to *The Washington Post*.

For the Soviet Union, Monetary Reform Is the Key

By Stefan Collignon

PARIS — Is privatization the missing link in Soviet economic reform, what would allow a solution to the most urgent problems? The latest reform program is meant to open the road to a market economy. It is often argued that there will be no market without private enterprises and no incentive to produce without private property. The shortage economy is explained by this lack of interest.

In the last year, Soviet legislators have voted several reforms on property, of which the recent 500-day reform program is the most radical. It is expected to convert up to 46,000 state-held industrial enterprises and about 760,000 trading agencies into stockholdings and private ownership.

In fact, what is meant by privatization? A simple transfer in ownership, or a system of private property rights? Recent declarations by Mikhail Gorbachev point to the former.

Alexander Zaichenko, a leading reform economist, criticized the Gorbachev program as reducing privatization "to a simple decentralization of state property." Promoting shareholding of most factories "will mean only that state enterprises will buy out the costs of their assets from central authorities — that is, state property will be transferred from the upper level to the lower one." Of course, this does not prevent collectives, cooperatives, foreign firms or even private individuals from becoming owners of assets.

But it is quite different from a system of private property rights. Private property is a claim on resources in the possession of others. It implies a capacity to exclude others from access to these resources. In the Communist system, only the state or the party had this right. In a market economy, these claims can be transferred to others in exchange for money. Money, and not a centralized authoritarian plan, is here the command instrument over productive resources.

So a prerequisite for a property functioning market economy is a credible monetary system with credit markets and interest rates.

Monetary credibility is established when money is scarce — when people are willing to sell assets, goods and services because they know that money is a better and more universal store of value than the possession of resources. A monetary economy presupposes buyers' markets. When money is scarce, entrepreneurs are also willing to pay a price to obtain it — the interest — if they can make a profit.

The problem of the Soviet economy is that it has no monetary system worth the name. In the past, the plan has allocated resources and not the market. Five years of perestroika have not been able to establish a new mechanism. If the quality of money is not credible, it is quickly replaced by hard currencies from abroad or by the hoarding of commodities, thereby creating shortages.

The excessive money supply in the Soviet Union has utterly destabilized

the system, which seems increasingly unlikely to avoid open hyperinflation — 85 percent more bank notes were issued in the first nine months of 1990 than in the same period of 1989. Free farmers' market prices rose by 35 percent in September alone. Consumer goods are unavailable, and black market prices are 100 to 200 percent higher than a year ago.

In these circumstances, it is impossible that the market could even start playing a role in restructuring the economy. What is needed is a fundamental monetary reform to eliminate the inflationary pressure that has to be made scarce. There is no other way toward economic reform.

But even a one-off monetary reform is insufficient if the source of excessive money creation — the government deficit caused by unsustainable price subsidization — is maintained. To reduce the deficit, government expenses need to be curtailed and revenue must be raised. Spending cuts are painful, although the reductions in military spending will have a significant impact.

As for government revenue, it is primarily obtained at present by retaining profits from state-owned enterprises. Given the dire conditions of the Soviet population, with nearly 65 million people living under the poverty line, it is unlikely that a revenue-raising tax system could be introduced rapidly. So the present system of public finance is to be maintained for a considerable period of time.

It may be possible to raise additional revenue by selling shares in state-owned enterprises to the public. But if this income financed current expenditures rather than investment in infrastructure, it would provide only temporary relief. It follows that privatization in the form of transfer of state ownership to the private sector would be counterproductive. Instead of establishing a new system of private property rights, it could actually prevent a successful transition to a market economy.

The important step is not privatization but the establishment of private property rights. Only the transformation of the legal system can provide

the preconditions for private initiative.

New companies could be created, and new entrepreneurs could flourish while old government companies continue to be owned by the state. After all, market economies like Italy, Austria or Spain have important state sectors with enterprises operating successfully under market conditions.

The proper priorities for economic reforms in the Soviet Union are:

- Establishment of private property rights systems.
- Creation of a modern monetary and banking system aimed at maintaining price stability.
- Adjustment of policy in order to eliminate hyperinflation.
- Gradual and slow privatization of state-owned property.

Without these reforms, the Soviet Union is likely to follow a Latin American model of hyperinflation, with all the destabilizing consequences it would have for ethnic conflicts.

The writer is director for research and communication at the Association for the Monetary Union of Europe. He contributed this column to *The International Herald Tribune*.

Mexico Has Been Setting an Example

By Sally Shelton-Colby

WASHINGTON — Mexico has demonstrated greater courage, foresight and political will to tackle its economic problems than has its powerful neighbor to the north, and it is now beginning to enjoy the fruits of those endeavors.

After a long spending spree, Mexico's budget deficit soared to 18 percent of gross domestic product by 1982. Through a combination of deep cuts in spending and far-reaching tax reform, Mexico's budget is now essentially in balance.

The United States runs chronic trade deficits, and protectionist sentiment is strong, especially in Congress. A recent manifestation, coming on the heels of many others, was the textile bill. It was vetoed by the president, but it reflected a political consensus that certain sectors, both industrial and agricultural, still need to be protected. Compared with a decade ago, restraints on U.S. imports have doubled.

Mexico has dramatically reduced import barriers, transforming itself from one of the most closed economies to one of the most open. Non-oil exports have quadrupled, and Mexico has become a world-class producer of automobiles, automotive parts, television sets, computer chips and satellite and aircraft components.

Foreigners are losing confidence in the ability of the United States to solve its budget and trade problems. They are now investing considerably less in the United States, making it much more difficult for it to finance the world's largest national debt — its own. At the same time, sentiment in the United States, especially in Con-

gress, is short-sightedly moving toward restricting foreign investment, just when the country needs it most.

Mexico is moving fast toward opening up to foreign capital. It has dramatically liberalized foreign investment regulations, even permitting foreign capital into the previously sacrosanct petrochemical, telecommunications, steel and banking sectors. Crude oil production and electricity may well open up soon.

Billions of dollars of Mexican and foreign capital are flooding into Mexico's treasury notes and into the Mexican stock market, one of the world's fastest growing. In contrast with troubled American exchanges, the Mexican bourse grew by 94 percent in dollar terms in 1988, 68 percent in 1989 and 21 percent so far this year.

It should be kept in mind that while carrying out these painful reforms, Mexico never missed a payment to its foreign creditors. Global financial markets are finally recognizing the seriousness and irreversibility of Mexico's policies, and for the first time in almost a decade the bond markets are voluntarily financing development projects there.

President Carlos Salinas de Gortari, against considerable odds, has stood up to those, including members of his own party, who wanted to keep Mexico from modernizing. While Mexico still has daunting problems, Mr. Salinas has gone much farther than U.S. leaders in

correcting structural imbalances in the economy. George Bush and the leaders of Congress can learn a lesson from the neighbor to the south.

The writer was U.S. deputy assistant secretary of state for Mexico from 1977 to 1979 and is now a consultant to corporations and banks in Latin America. She contributed this column to *The Washington Post*.

100, 75 AND 50 YEARS AGO

1890: Gladstone Insists

LONDON — The most complicated political situation of modern times is approaching settlement. Mr. Gladstone will resign all responsibility for the Liberal Party if Mr. Parnell refuses to act upon his advice. But Mr. Parnell will not give up. If he goes he must be forced out. The distress of Mr. Gladstone is very severe. He has throughout taken a very decided stand in reference to the matter, practically announcing that he will not on any account consent to sit in the House with Mr. Parnell for a colleague.

1915: Avoiding War

WASHINGTON — President Wilson once said that he had a single track mind. Recent elections indicate that there is a red light danger signal set on the Democratic single track for next year. Recent results show that there will be a complete union in 1916 of the Republicans and the Progress-

Democracy Can Get In the Way

By Anthony Lewis

BOSTON — As President George Bush intensifies the threat of war on Iraq, we are hearing complaints that criticism spoils his policy's chance of success. Saddam Hussein would take the threat more seriously, that is, if Americans would silently support it.

The president himself is said to have complained about Senate critics of his own toward war. The Senate Armed Services and Foreign Relations committees open hearings on policy in the Gulf this week, and the administration is unenthusiastic about that.

The case against open debate of the war policy has been made with candor by a defense specialist at the Massachusetts Institute of Technology, Barry R. Posen. Writing in *The Boston Globe*, he said: "Since the president cannot want war, his critics must be frightened Saddam Hussein to leave Kuwait. This is coercive diplomacy, and its success depends on the ability of the United States to persuade Saddam that the coalition has the capability and the will to recapture Kuwait. Unfortunately, the multiple voices of American democracy make this very difficult. . . . Debate can only reduce the odds of success."

In other words, democracy is inconvenient. That is a familiar lament, heard at many points in American history. Is it true?

Mr. Bush's warlike rhetoric is no doubt intended to frighten Saddam Hussein out of Kuwait without war. The Democratic leaders who visited the Gulf over Thanksgiving, the Senate majority leader, George Mitchell, and Speaker Thomas Foley, came back saying that the war talk was just talk, not a decision to attack. But it is not only talk. Threats are empty unless there is an intention to carry them out if talk fails.

When Mr. Bush early this month ordered up to 200,000 more Americans to the Gulf, he moved into a scenario that must involve a real possibility of war. The huge U.S. force cannot stay in the Gulf indefinitely. If "coercive diplomacy" does not move Saddam Hussein within a few months, there will be mounting pressure to use that force.

The president has to know that he was setting out on the path to war when he decided to raise the troop commitment to such a high level. He had to weigh careful questions.

What was wrong with the previous policy of grinding Iraq down by economic sanctions? Was there doubt that Americans, or allies, would have the patience for a long siege?

How would a war be fought? How many American casualties could be expected? What vital U.S. interests would be at stake? What would be the consequences of a war? How stable would pro-Western Arab governments prove to be? Might Israel be threatened?

Those and many other questions would have to be considered before any American president set his country on the road to war in an area as tricky as the Middle East. But we do not know what advice Mr. Bush got, or how he finally answered the questions. He has told us nothing about the reasons that made him shift to a policy of threatening war.

We are asked to take the president's policy on faith. We must believe, for example, that a war with Iraq would be relatively easy — that U.S. casualties would be low. But a large and growing number of Americans do not believe. They are not willing to go to war in the Gulf on the president's unexplained say-so. Women especially have doubts — a fascinating point that is not adequately reflected in establishment comment and television talk shows.

Is it a weakness of the system if Americans refuse to follow a president blindly into war? I do not think so. Experience supports what Senator Bob Kennedy, a Nebraska Democrat who won the Medal of Honor in Vietnam, said on Sept. 19: "Politicians in the United States dare not decide themselves into thinking that we do not need to debate what we are doing and to state our disagreements where they exist. A failure to do this — a simple and blind acceptance of everything the president as commander in chief does — will lead to bad policy and the potential loss of clear public support for what we are doing."

Presidents have to lead, but they must suffer public debate because it tests the wisdom of their policy.

That is the American constitutional system, and it has outlasted most of the others on earth. "Democracy is the worst form of government," Winston Churchill said, "except all those other forms that have been tried from time to time."

— The New York Times.

1940: Lovers vs. Nazis
AMSTERDAM — What the Netherlands needs is more bicycles built for two. German authorities complain that military traffic is congested by Dutch cyclists who violate traffic laws, principally couples who hold hands while pedaling, moonstruck down the road. One form of punishment inaugurated since the German occupation is to deflate the offenders' bicycle tires and remove the valves. But even such deflation adds little to the traffic problem's solution because there are 4,000,000 bicycles in this country of 8,000,000 persons.

— From the New York edition of the New York Herald Tribune.

OPINION

The Leading Noncandidate Sounds Vaguely Appealing

By William Safire

WASHINGTON — Like a journalistic Javert, I have been tracking Governor Mario Cuomo of New York for months to get his position on countering the threat of the Iraqi president, Saddam Hussein. He has ducked.

Last week, a Los Angeles Times reporter showed up at a California dinner to hear the front-running noncandidate for the Democratic presidential nomination say, "You could negotiate something that... leaves them a little bit on the water, leaves them a little bit of the oil, and then puts in a United Nations

task force" to monitor chemical and nuclear weapons capacity.

'Look,' the governor said, 'I have a feeling about Saddam Hussein, and about war ...'

task force" to monitor chemical and nuclear weapons capacity.

This time the governor returned my call, and I had the chance to put the question in the form of a sad commentary: So, Mario, you're handing out rewards for aggression.

"I'm kind of shocked at this report," he countered. "I said—and this was to a private group a week ago, in a Q-and-A, nobody knows exactly what I said—that I was supportive of the president up to this point, but now we're at a different point, and it's appropriate for the president to do more to explain."

"I said Saddam Hussein was a great threat, especially in his eagerness to use chemical weapons and perhaps his capacity for nuclear weaponry."

But did he suggest a settlement?

"They're surely talking," he pointed out. "I've met Primakov," the Soviet envoy. "He went to Baghdad to talk. Surely there are back-channel discussions going on. What deal did the Saudis get? How did Syria get its money?"

But does he favor a settlement that some of us would consider appeasement?

"It would have been presumptuous, naive and stupid of me," he countered in his familiar tone of exasperated expectation of being forever quoted out of context, "to design an exact strategy."

"We have two categories to consider. One, settlement; two, war. In the category of settlement, it means that you give something to the other side. Give 'em a little oil, give 'em a little port (I did not propose that as a settlement, just the opposite), but understand—this man will not surrender. You cannot make a settlement that gives Saddam Hussein nothing; therefore, it's hard to see a settlement."

"If you presume war," Mr. Cuomo went on, analyzing but not proposing, "you have to ask yourself how long the Arab leaders who are now with you will

stay with you. What are you figuring on, Bill, a three-day war? You have to assume it will not be short. You cannot escape the question of a draft."

"I'm not going to raise the fairness question," he said, raising the fairness question, "but I'd like to hear what the president has to say about that. I want to think that over." (The rich-man's-war, poor-man's-fight objection has been raised in support of a military draft ever since the Civil War.)

Why is the governor interjecting the idea of a draft?

"It seems to me if the president is thinking of going to war, he's thinking about having a draft. Maybe he's already rejected it. Could you have a war without a draft? You can't ask soldiers to fling their bodies in front of tanks and say, 'We'll take our chances on reinforcements.' What you're really saying when you consider a draft is, 'We must not close our minds to loss of life.'"

And where does this analysis lead him—to settlement or war?

"I think the president should be open to every reasonable possibility without killing people and without getting our people killed."

To the governor, that means an accord that restores Kuwaiti sovereignty, ensures the oil flow, and "something to obliterate this man's capacity to use nuclear and chemical agents against the world," adding "hopefully without violence."

But that makes him sound like a hard-liner. If you were president ...

"I'd know a lot more than I know," I don't know how the sanctions are working, but I have the feeling time is not on our side. The use of a UN force is attractive to me."

"Look—I'm smart enough to say I don't know enough. I have a feeling about Saddam Hussein, and about war, but to get specific—I can't do that. Why don't you find some candidates for president and question them?"

If Mario Cuomo were not a candidate, he would be more outspoken about today's central issue: by raising fears of a draft, he makes the presidential decision harder now and easier to criticize later.

Ambivalence has its reasons. If Mr. Bush removes the Saddam Hussein menace decisively, Mr. Cuomo will stay in Albany; but if a face-saving deal is arranged, Mr. Cuomo will be elected—and become the first American president forced to fight a nuclear war.

The New York Times.

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LETTERS TO THE EDITOR

Voice of a Forgotten Nation

Regarding "In Moscow Mind Your Business" (Opinion, Nov. 19) by Stephen S. Rosenfeld:

The esteemed Mr. Rosenfeld says that "in the name of anti-communism, Americans annually memorized 'captive nations' including some—Idel-Ural, Cossackia—whose names and locations we didn't even know."

As a Tatar writer with roots in the Idel-Ural, may I say: God bless America! Yes, Idel-Ural does exist, all 211,600 square kilometers of it, from the Urals to the River Idel. Due to a 600-year history of state independence, it possesses a highly advanced culture and a substantial body of written literature. It is blessed with endless natural resources, the most precious of which is the zeal, industriousness and spirit of its people.

In 1552, the Idel-Ural was conquered and subjugated by Ivan the Terrible. Today, under perestroika, the idea of Idel-Ural as a federative state has been revived. Its projected constitution was published in English in the review of the Society for Central Asian Studies in June 1990 and received praise for its sophistication. No wonder—it is based on the U.S. Constitution!

May I just add that the political and economical future of different nations within the Soviet Union should not be decided by authorities in Moscow—they

have failed even to provide social and national justice for the Russian people.

RAVIL R. BUKHARAEV,
Moscow.

The Sky Isn't Falling

May I make a few points in connection with recent reports about the possible problems that could be caused by the so-called greenhouse effect?

The projections of global warming from the greenhouse effect are all based on mathematical models of the atmosphere that grossly oversimplify reality; the effects of clouds and other pertinent phenomena are omitted. Not all important factors are even known. When applied to the past 100 years or so, these models predict effects that have not been observed. In other words, the warming that the models say should have occurred is simply not there.

The present situation bears a strong similarity to the furor over a planned supersonic transport plane, or SST, in the early 1970s, when there were predictions that oxides of nitrogen would destroy the stratospheric ozone layer. When the mathematical models on which those predictions were based were refined, the effect disappeared.

In both cases, the additive gases occur in nature, and nature has extensive means of coping with gross variations in their production. It is tragic that the

world's movers and shakers are being driven by a "chicken little" syndrome to take drastic actions that may forever doom Third World aspirations for an improved standard of living based on energy consumption.

CARL H. SAVIT,
Utrecht, The Netherlands.

The Suffering of Kuwait

As a 19-year-old Kuwaiti, may I say that Saddam Hussein is a disaster. He has shattered Kuwaitis' dreams. His soldiers kill young Kuwaitis every day.

Many Kuwaitis do not mind the sacrifice, but it is sad that many of them die for stupid reasons; some reportedly have been executed for not hanging Saddam's portrait in their office or home.

We hear that babies in Kuwait are dying for lack of vaccinations or medication; older people are receiving inadequate medical attention because medical centers have been looted by the Iraqis. Recently there were reports of a cholera epidemic in Kuwait. Iraqi troops are responsible; they have looted all water-filtration equipment, and Iraqi authorities have refused to allow Kuwaiti volunteers to collect garbage. Corpses, we are told, have been thrown into the streets to rot. This situation will not end until Kuwait is liberated.

Our only hope of regaining our home-

land lies in U.S. assistance. Or must we be left to live at the mercy of this killer?

HIND al-TAMEEMI,
Manama, Bahrain.

Less Intelligence, Please

Looking ahead to the '90s, the U.S. Congress should carefully consider the cost of any new role for U.S. intelligence activities. There are other, more effective ways in the post-Cold War era to support America's national interests.

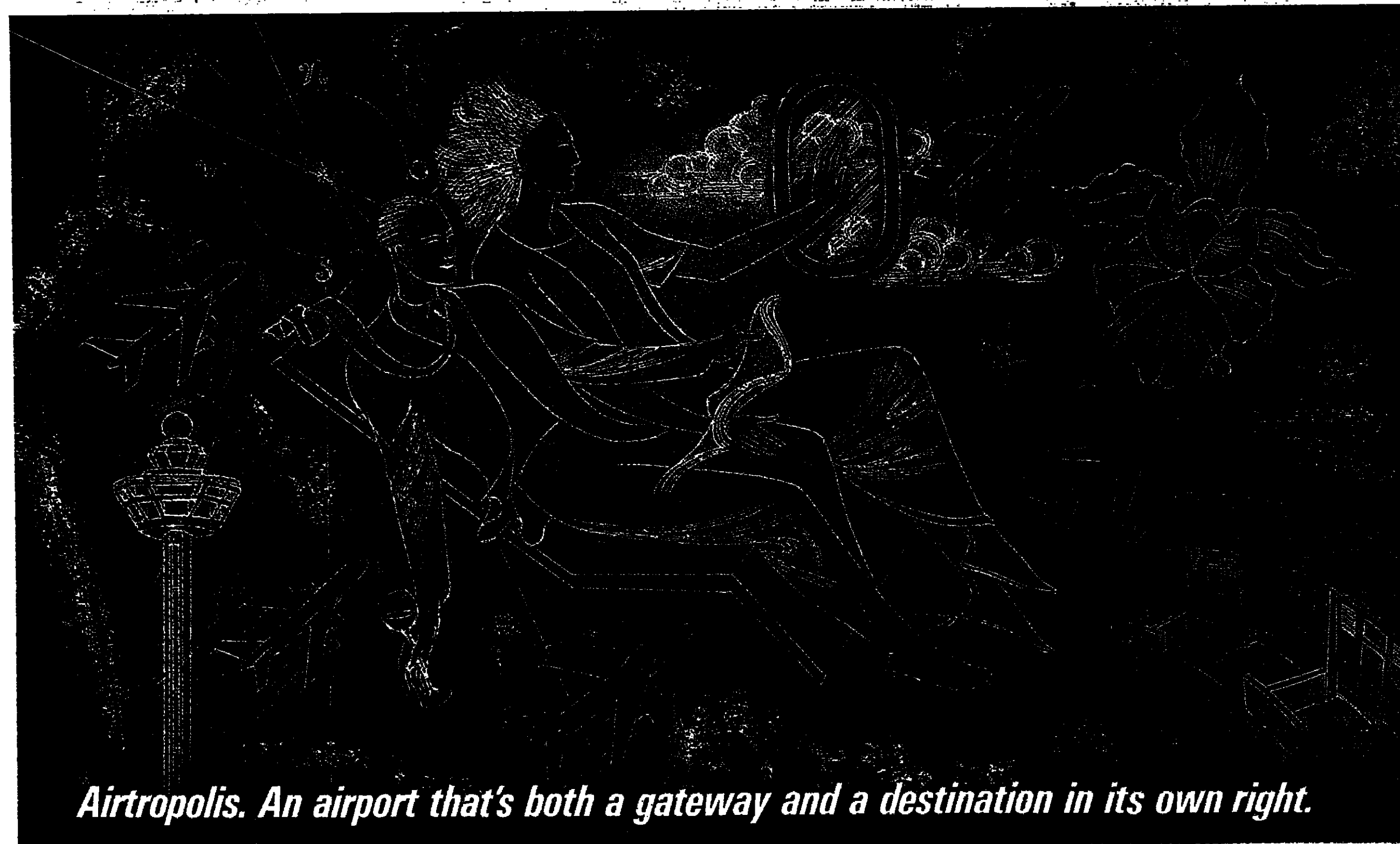
Diverting just a small percentage of the billions spent each year by the U.S. intelligence community to other institutions devoted to peace and democracy would contribute more to the development of a stable international order than would any of the activities traditionally associated with intelligence agencies.

As shown by the fate of the Soviet Union and its former satellites, covert activities do not build durable institutions and relationships, and in the end they prove irrelevant in determining the course of history.

HARRY G. KAMBERIS,
Seoul.

Correction

David Littman was misidentified in our Letters column of Nov. 23. He is the UN representative, World Union for Progressive Judaism, Geneva.



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SINGAPORE CHANGI AIRPORT

Greenhouse Fear: In Maldives, a Sinking Feeling

By Barbara Crossette
New York Times Service

MALE, Maldives — The Indian Ocean is everything and everywhere in Maldives, a nation of 1,190 low-lying islands whose cowrie shells were the currency of ancient trade routes.

But if the worst-case projections of global warming become reality, rising waters could swallow the nation whole within a century.

"The survival of Maldives is at stake if present trends continue," said Hussain Shihab, the country's environmental affairs director.

In April 1987 the Maldivians got a glimpse of this future horror.

"We couldn't say specifically that it was the greenhouse effect that was involved, but in that month there were very high waves, higher than anyone living here could remember," Mr. Shihab said in an interview in his office overlooking a harbor in the capital, which is home to about 44,000 of Maldives' 214,000 people.

"Two-thirds of Male was covered in seawater," he said. "Airport runway lights were washed away and walls collapsed. There was more than \$40 million of damage in a few days."



"This was the incident that triggered our concern," he said. "There was no monsoon. There were no storms in the region and no other country around us was affected."

The Maldivian government sought the help of Japanese marine scientists, who traced the high waves of April 1987 to a storm off Australia, but could not explain why Maldives had been affected for the first time by a weather disturbance so far away.

In the last decade, the Maldivians, who are of mixed Sinhalese, Indian and Arab stock, have

drawn both the blessings and drawbacks of their archipelagic isolation.

Their unspoiled seas and coral reefs are beginning to lure large numbers of high-spending tourists, and the shops in the capital are full of imported goods.

"We are not a very strict Islamic society," said Abdulla Hameed, minister of education and chairman of the National Center for Linguistic and Historical Research. "From the beginning, people have written of the courtesy and hospitality we extend to foreigners. That still exists."

That hospitality was abused by another kind of invasion. In the early hours of Nov. 3, 1988, a mercenary band of mostly Sri Lankan Tamils working for shadowy Maldivian plotters sailed into Male harbor, came ashore and declared the government of President Maumoon Abdul Gayoom overthrown.

The invaders were quickly put down, but many Maldivians say that since then the government has become progressively more nervous and autocratic. Mr. Gayoom has placed many members of his and his wife's families in high government positions.

According to concerned Maldivians who are keeping a record of detentions, at least five intel-

lectuals have been banished without trial to Dhoonidhoo prison island, where they are kept in cramped cells. Others are missing or confined under house arrest. Businessmen critical of the regime are suffering losses in mysterious fires.

Although hounded by accusations of nepotism, corruption and the use of violence against his critics, Mr. Gayoom this year decided to experiment with a free press as an outlet for public opinion. A few months later, after bold magazines began to flower in a society that is 95 percent illiterate, there was an abrupt reversal.

All but government sanctioned publications were outlawed and leading writers, publishers and the country's best known cartoonist, Nushad Waheed, have been arrested. Two British journalists conducting a course under the auspices of the Thomson Foundation were deported. Even a student survey of conditions in a boys' reform school on Maafushi island was banned before it could be distributed.

"I think the president really wanted to open the place up," said a young Maldivian, who like most others asked not to be named for fear of retribution. "But the government is discredited. When the president opened

up, he burned his hands. Now we all suffer."

Always in the background is worry about the rising ocean.

With foreign assistance, new breakwaters and sea walls have been built, and the government has passed regulations prohibiting the use of explosives or trawling nets by fishermen. It has banned the mining of coral for building material around inhabited islands.

The measures are stopgap. A report prepared this year for the United Nations Intergovernmental Panel on Climate Change said that if nothing was done to slow down global warming, by the end of the 21st century the Earth's temperatures would have gone up by 5.4 degrees Fahrenheit and sea levels would have risen 25.6 inches (65 centimeters).

Maldives has no natural elevation higher than about 15 feet (5 meters) above sea level, and the average altitude is about 6 feet, Mr. Shihab said.

But a small nation can do very little on its own. "Our survival is very much dependent on what the developing countries can do in reducing their emissions of greenhouse gases," Mr. Shihab said. "And we need their help in protecting our coastal areas. It is impossible for us to build up all the islands by ourselves."

Hun Sen Refuses Cambodian Rule by UN

Reuters

BANGKOK — Prime Minister Hun Sen of Cambodia has rejected proposals that the reins of government be handed over to UN peacekeepers as contained in a draft settlement approved by the five permanent members of the Security Council.

"We absolutely do not accept a UN provisional administration to control Cambodia," he said in Battambang just before the five major UN nations — China, the United States, the Soviet Union, France and Britain — agreed to the draft Sunday.

"If it ventures to raise the issue of dismantling the Phnom Penh regime, the Paris international conference will be a 99.99 percent failure," Mr. Hun Sen said in his speech in the heart of the western Cambodian battlefield.

"We will not agree to what is decided in Paris," he was quoted as saying by the official Cambodian press agency, SPK. "I would like to stress that the Phnom Penh government cannot be dissolved. Not even a single village head can be dismissed."



Goh Chok Tong, left, who is to succeed Mr. Lee on Wednesday.

After 31 Years, Lee Resigns in Singapore

By Michael Richardson

International Herald Tribune

SINGAPORE — Lee Kuan Yew, who has been prime minister of Singapore since 1959, submitted his resignation Monday, paving the way for a formal change in government that heavily emphasizes continuity.

His resignation is effective Wednesday.

Since the 1988 general elections, when the governing People's Action Party won all but one of the 81 seats in Parliament, Mr. Lee, 67, has been scheduled to make way for Goh Chok Tong, 49, the first deputy prime minister and defense minister.

Mr. Goh, a former executive of a state-owned shipping company, will be sworn in on Wednesday.

Under Mr. Lee, Singapore has enjoyed extraordinary economic growth in a climate of order and stability. Economic output surged to \$53 billion Singapore dollars (\$32.3 billion) in 1989, from \$6.6 billion dollars in 1965, two years after full independence.

Analysis said that Mr. Lee, who has been a towering figure in Singapore politics, was gradually disengaging himself from politics.

For now, he will retain substantial power and influence by remaining secretary-general of the governing party and holding the post of senior minister in the cabinet.

Last month, Mr. Goh named Mr. Lee's son, Lee Hsien Loong, 38, to be deputy prime minister in the new government.

Analysts said that this enhanced the likelihood that he would become prime minister after Mr. Goh. The younger Mr. Lee is the minister of trade and industry in the current government.

In the meantime, the analysts said, it will be difficult for Mr. Goh to act without the elder Mr. Lee's approval.

An official said that Mr. Lee's personality "is so overpowering, his views so strongly held and his advocacy of them so unrelenting, that no one in the cabinet can really stand up to him."

Joshua B. Jeyaretnam, leader of the opposition Workers' Party, said it was hard to envision Mr. Goh governing independently in the shadow of "the father and the son."

Imagine, he said, "a cabinet meeting with Goh at the head of the table, the elder Lee to his right as senior minister and the younger Lee to his left as deputy prime minister."

"What chances do you think he will have of implementing his own policies?" he asked.

In a speech published Monday in the Singapore press, Mr. Lee said that his son and Mr. Goh were part of a political team. He said his son was "in no hurry."

Mr. Lee said a change in prime ministers would be good for Singapore, which had "seen and heard enough" of him for 31 years.

But, he said, Singaporeans might decide someday that they want a leader like his son.



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THE GULF: In the Baghdad bazaar, worries of a coming conflict

Hussein Releases 3 American Men

Relatives Had Traveled to Baghdad

Compiled by Our Staff From Dispatches

BAGHDAD — President Saddam Hussein of Iraq on Monday ordered the release of three American men held hostage since Baghdad's Aug. 2 invasion of Kuwait, diplomats said.

They said Mr. Hussein, who last week offered to free about 2,000 Western and Japanese hostages over a three-month period starting on Christmas Day, agreed to allow the three to leave in response to a plea by their relatives.

The diplomats knew the names of two of the three — John Stevenson and Fred Harrington.

"We feel fantastic because we are going home," said Mr. Stevenson's sister, Mary. "We met with the president, and he is a very nice man."

She and other relatives were received by Mr. Hussein on Monday, according to the diplomats.

In Washington, the United States held fast to its policy of advising families against accepting Iraqi invitations to visit their relatives.

"Some people have gotten out and we always welcome them, we're happy to see people free," Richard A. Bender, a State Department spokesman, said at a news briefing. "But we continue to discourage travel by family members."

"We consider it risky," he continued, "and we don't think it helps. We consider that Iraq's policy and Saddam Hussein's playing with hostages is just cynical manipulation of people, and we don't think that people should be involved in it."

Mr. Hussein told the families of the American hostages that many Iraqis had died through lack of food and medicines caused by the United Nations embargo.

"If we go to hospitals and ask for lists, we will find that we are faced with large numbers of people who died because of the lack of food and medicine," Mr. Hussein said on state television during a meeting with the relatives of the three American men.

Western analysts have said repeatedly that there are no signs of serious food shortages in Iraq, and medicine is exempt from the provisions of the UN sanctions.

A Baghdad radio report, monitored in Moscow, quoted Mr. Hussein as telling the relatives that Iraq wanted peace and a solution to the Palestinian conflict.

A diplomatic source said Sunday that about 30 wives of American hostages were expected in Baghdad to accept Mr. Hussein's offer to let hostages spend the holidays with their families.

On Oct. 31, Baghdad announced that relatives of "guests" could visit their family members over the Christmas and New Year holidays.

"We want peace, not just for us, but for all humanity, and in particular for those who need it, the Palestinians," Mr. Hussein was quoted by the official Iraqi press agency, INA, as saying to the families.

About 1,100 Americans are still being held by Iraqi authorities.

Iraq's National Assembly voted Monday to free all Swedes held hostage. The decision, which was opposed by 15 members, followed one last week to allow all Germans to go. All French citizens were freed last month.

A spokesman for the parliament said that the decision involved 58 Swedes, but he had no word on their departure plans.

In another development, a French government source in Paris acknowledged that France had supplied spare parts to maintain French military hardware evacuated from Kuwait during the Aug. 2 Iraqi invasion, but denied a report that other arms were being supplied to Kuwaiti troops in exile.

The regional newspaper La Nouvelle République de Tours reported that at least 22 aircraft left the French air base last week carrying 800 to 1,000 tons of equipment, including Exocet and Hot missiles, airplane motors and other gear.

The French government source said the only deliveries being made to the Kuwaiti government in exile in Saudi Arabia were spare parts for French aircraft, including motors, tires and landing gear, as well as small-caliber ammunition.

(Reuters, AP, UPI)

Guard Units Activated

The U.S. Army said Monday that it had ordered National Guard combat units from four states to report for active duty on Friday. The Associated Press reported from Washington. They will be the first army reserve combat forces to be activated for Operation Desert Shield.

The reservists are to undergo desert warfare training at Fort Irwin, California, before the Pentagon decides whether to send them to the Iraqi forces in Saudi Arabia.

Yemen Wants U.S. To Talk With Iraq

By William Drozdiak

Washington Post Service

SAN'A, Yemen — The president of Yemen, Ali Abdullah Saleh, has warned that a new United Nations resolution authorizing the use of force to expel Iraqi troops from Kuwait would be "a very dangerous development that would threaten the entire region." He has urged President George Bush to send an emissary to meet with the Iraqi leadership.

The comments by Colonel Saleh, in an interview at his presidential palace here, reinforced previous Yemeni criticisms of the United States for its military intervention in the Gulf. Yemen has condemned the Iraqi invasion of Kuwait and its seizure of foreign hostages, but it has also sharply criticized the presence of foreign troops in Saudi Arabia.

"It is still possible to find a peaceful solution for the complete withdrawal of all Iraqi troops from Kuwait and all foreign forces from the region," Colonel Saleh said Sunday. "I know Iraq is ready for dialogue. Why doesn't President Bush send a personal envoy to Baghdad, or Geneva, or any Arab capital to meet with a representative of the Iraqi leadership? This would be a very positive step."

Yemen, the only Arab nation on the 15-member UN Security Council, assumes the council's rotating presidency on Saturday, putting it in a position to use parliamentary maneuvers to stall consideration of a resolution on force.

The Yemeni leader argued that by threatening to attack Iraq, the United States was building Arab support for President Saddam Hussein of Iraq.

"First the United States says it is coming to protect Saudi Arabia from aggression, and now the U.S. says it wants to use force against Iraq and destroy its military capability," Colonel Saleh said. "The entire Arab world was against Iraq's invasion of Kuwait, but the foreign intervention and threats of force are leading some Arabs now to support Iraq."

He sidestepped comment on what diplomats say is one of the most delicate regional problems to have emerged since the Iraqi invasion: the tension between newly democratic Yemen and the neighboring monarchy of Saudi Arabia.

Colonel Saleh avoided any direct criticism of Saudi Arabia, apparently honoring an agreement with King Fahd of Saudi Arabia to cool the war of words that had developed between their governments. Nonetheless, he did not conceal sharp differences with Saudi Arabia and the United States over the Gulf crisis.

Two months ago, Saudi Arabia suspended residency privileges for the 2 million Yemenis who live and work there, demanding that they find sponsors or leave the country. More than 800,000 Yemenis returned to their native country, creating an enormous burden for the impoverished land of tribal traders.

The Saudis say they took the action in response to what they consider Yemen's support for Iraq, although the Yemeni government insists that its Gulf policy remains strictly neutral. Senior Yemeni officials say the Saudis forced out their nationals because Sana'a refuses to sign a treaty resolving a border dispute in an area where more than 1 billion barrels of new oil reserves have been discovered.



The British Laborite Tony Benn, speaking at Amman airport on Monday before leaving for Baghdad to meet Saddam Hussein.

For Iraqis, Possibility of War Sinks In

By Philip Shenon

New York Times Service

BAGHDAD — The notifications have already begun, and Khalil Said, 27, a cloth merchant in Baghdad's grand bazaar, said he has many friends among the 150,000 Iraqi Army reservists who are being told this week to abandon their jobs and report for duty in occupied Kuwait.

"This is causing worry in some families," Mr. Said acknowledged, inviting a potential customer to inspect the bolts of cotton, wool and brilliantly colored silk that are stacked haphazardly beneath a faded poster of President Saddam Hussein.

"Everybody would worry about his brother or his father in the war," said Mr. Said, who, although he served as a soldier during most of the Iran-Iraq war, knows he may be drafted again soon.

"We would win this war, we are ready to fight to defend our country, we love our brave leader Saddam, but the worry is natural."

Slowly, the possibility that Iraq may soon be at war — a war that could leave hundreds of thousands of people dead or wounded, that could lay waste to portions of this old city and other areas of Iraq, that could devastate the already war-weary Iraqi economy — is beginning to sink in among Iraq's 17 million people.

The realization, Western diplomats and others say, has been long in coming.

"When I first came to Baghdad, I was disturbed that the Iraqis seemed to be very calm, so placid about all the talk of war," said

a European diplomat who had served in Kuwait until it was invaded by Iraq on Aug. 2.

"But something seems to have snapped in the last few days. Most Iraqis will never admit it, but they are finally becoming frightened," he added.

For many, what seems to have inspired this fear is Mr. Hussein's announcement last week that Iraq will call up 150,000 army reservists for immediate duty in Kuwait.

"If you mobilize the regular army, that is one thing," said an Iraqi businessman who, like so many in this closed, authoritarian society, asked not to be identified.

"When you call up the reserves, suddenly families lose their paychecks, wives are suddenly without their husbands. It can cause a panic," he continued.

On Sunday, Iraqi farmers received the news that a two-month-old decree exempting them from military service had been revoked, and that all farmers subject to the call-up must leave their farms and report for duty in mid-December.

The move may have been prompted by widespread reports that wealthy Iraqis had been buying up farmland in recent weeks in hopes that they could keep their sons out of a war by putting them to work as farmers. After a first inspection, Baghdad, a thriving, modern city of nearly 4 million people, seems obvious to the threat of war.

Although Soviet-made anti-aircraft guns have been placed atop several city buildings and security has been noticeably tightened at government installations, there is little other

visible evidence on the streets that Iraqis are preparing for battle.

While the prices of many Iraqi goods have risen sharply since the Kuwait invasion and the imposition of international economic sanctions against Iraq, there is ample food in the city's markets, including English chocolate and other luxury goods brought north from Kuwait after the invasion.

The city's boisterous nightclubs are open. "Why should we fear war?" asked Sausen Hussein, 31, a teacher in Baghdad. "We have lived through war. We know war."

Yet beneath the confidence and calm projected by Mrs. Hussein and so many of her neighbors, there are other signs around the city of growing Iraqi jitters about the possibility of war.

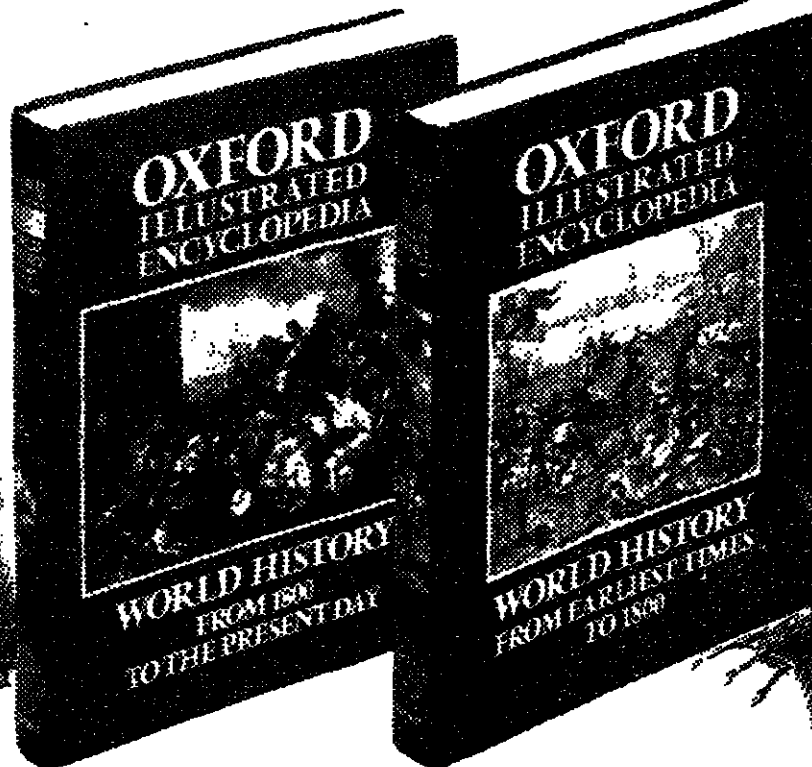
If pressed, some families acknowledge that they have hoarded food, a crime now punishable by execution, in anticipation of an extended conflict, and that they keep masking tape at the ready to put on windows if Baghdad is bombed. The tape is intended to reduce flying glass.

The city's fear has recently become evident in the form of extraordinary rumors that circulate with such urgency that the government, which places tight controls on all other information, has been forced to try to contain them.

"You watch the rumor mill over the next few weeks as people realize that this is for real, that they may be at war in a short while," a U.S. diplomat said.

"In Iraq, there's no other way to communicate in a crisis."

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and The Island of Hawaii

By Bill Keller
New York Times Service

But now that the old economic autocracy is in decline and the free market is President Mikhail S. Gor-

"Now we have elected radicals to the city council and the Supreme Soviet, but they haven't solved anything," she said. "Everyone is frightened about what they are going to eat tomorrow, what they are going to wear."

In Sterlitamak, and throughout this swath of central Russia called Bashkiria, the culprit is the chemical industry, placed here to take advantage of local deposits of limestone, salt and petroleum.

Dr. Moroz has focused attention on the more than 7,000 women who work handling toxic chemicals — women hold the majority of these unskilled, high-risk jobs. But she said anyone who lives in the city is in danger.

Panic Buy

ving of Food

ities in Moscow, a woman goes a
and Sweeps

Viktor Korotajew/Roman
about selling vegetables.

Moscow

Figure 1

Compiled by Our Staff From Dispatches

holding back deliveries so they could feed their own populations, an act that Mr. Stankevich called irresponsible.

Germany is leading the aid effort and has announced shipments of food parcels to make

Horst Teltschik, a Kohl foreign policy adviser who will lead the delegation to Moscow, said in a television interview that the Soviet

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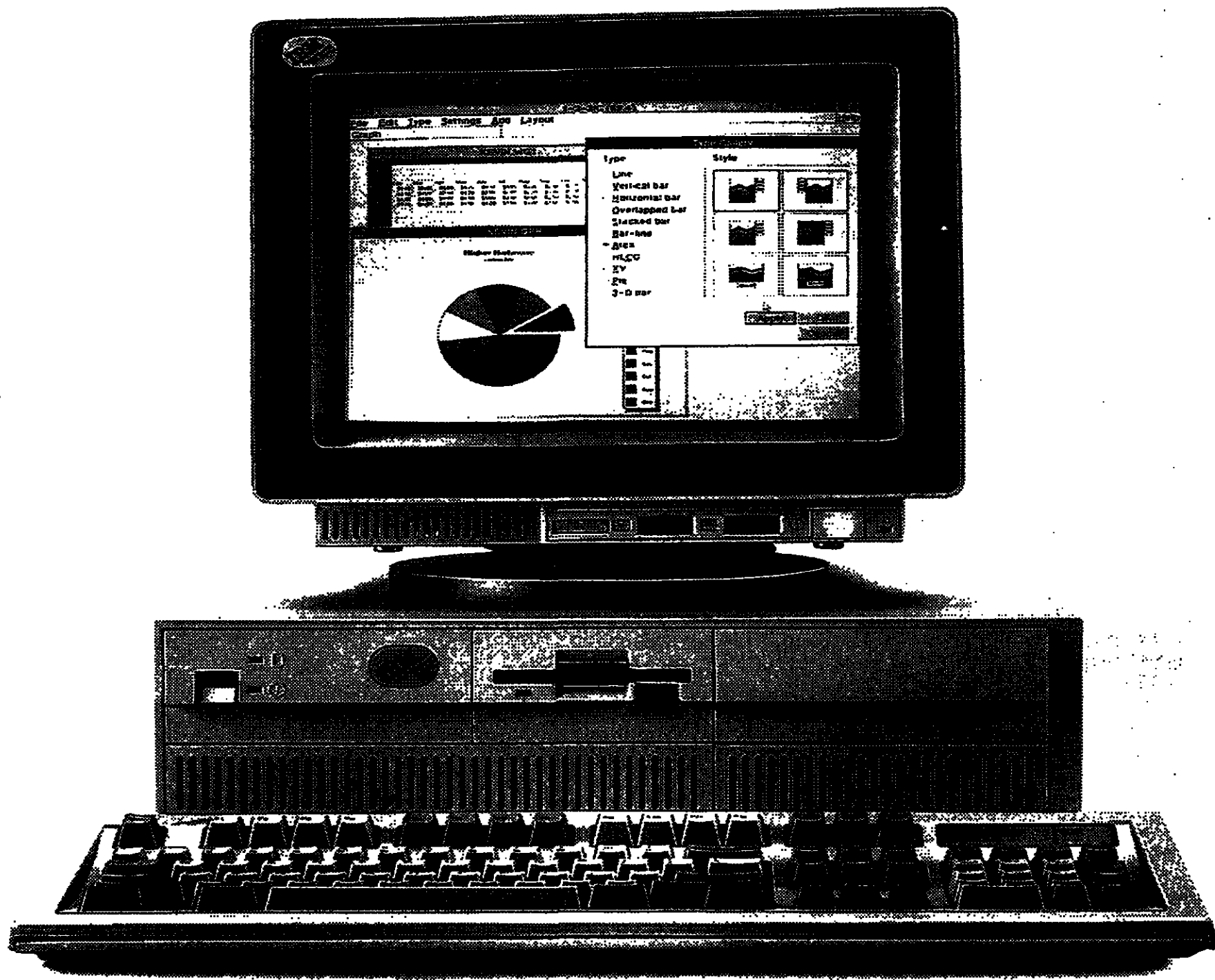
So for those of you who are interested in the

Featuring a 33 MHz processor or a 25 MHz processor (easily upgradable to 33 MHz), they deliver the scorching speed and balanced performance you need for intensive applications like CAD/CAM; financial modelling; and IBM's new multimedia technology.

in graphics display.

It is standard on the new PS/2 Models 90 and 95, and can be added to any existing 386 or 486 Micro Channel-based system.

Its visually stunning performance gives a sharper, clearer picture; and greatly enhanced results for graphics-intensive applications such as



product features which deliver those benefits, read on...

PS/2 Models 90 and 95.

The IBM Personal System/2 Model 90 XP 486 and Model 95 XP 486.

These represent the leading edge of the technology at the heart of the newly expanded PS/2 range.

From speed and storage capacity, to graphics capabilities and upgradability, they are designed to optimise the power of the Intel 486 processor and deliver outstanding all-round performance.

486 processor power...unleashed.

The Models 90 and 95 are as sophisticated as they are powerful.

While the new P75 transportable computer unleashes the power of 486 processing for customers who spend their time on the go.

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In conjunction with IBM OS/2 version 1.3, better quality character definition improves the rate at which the screen can be read.

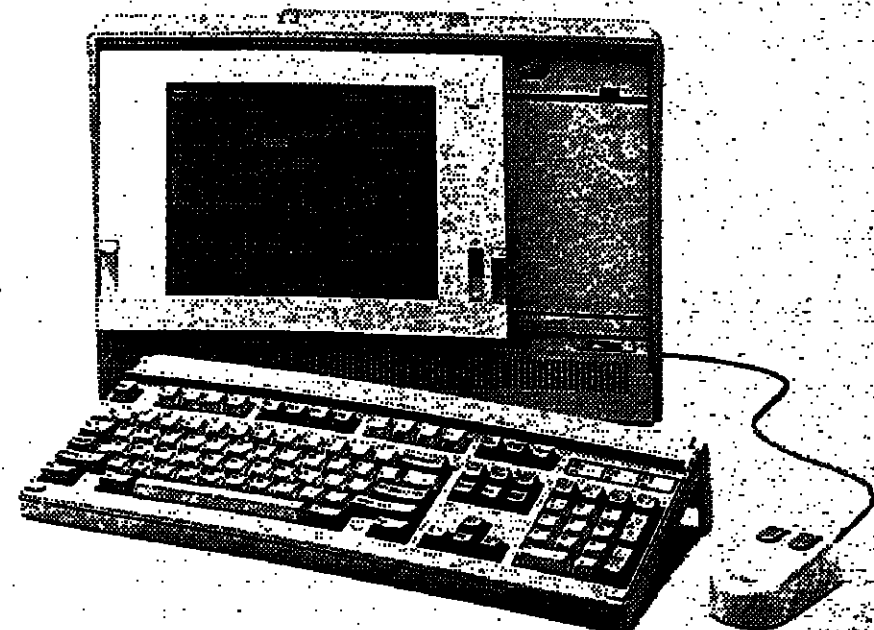
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IBM's new OS/2 is not only smaller than ever before, but offers you up to 25% better performance.

Super-fast SCSI hard disks.

IBM's super-fast SCSI hard disks deliver state-of-the-art performance.

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box can beat this system.

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can incorporate multiple processors – in effect, like adding 'computers' to your computer.

Coupled with the industry-standard Small Computer System Interface (SCSI), you will be able to take advantage of new applications and keep building your system, as your business grows.

The IBM LAN. The ultimate network.

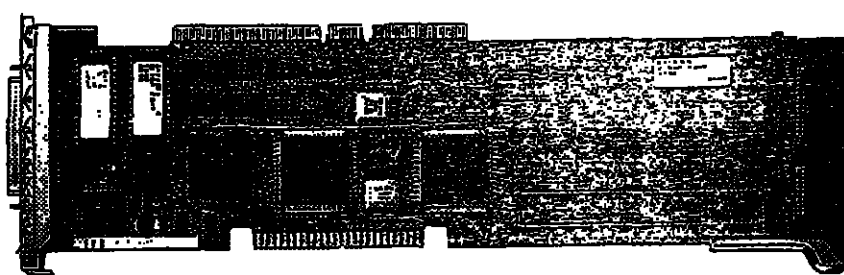
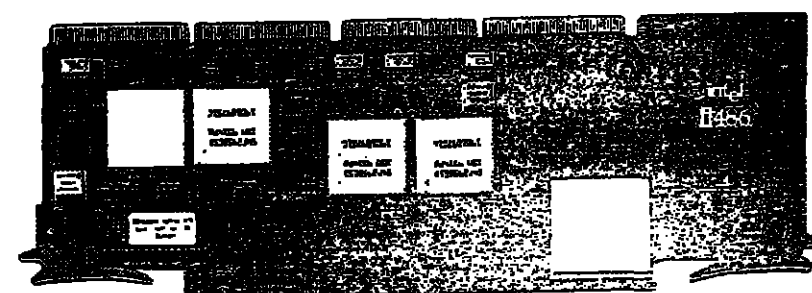
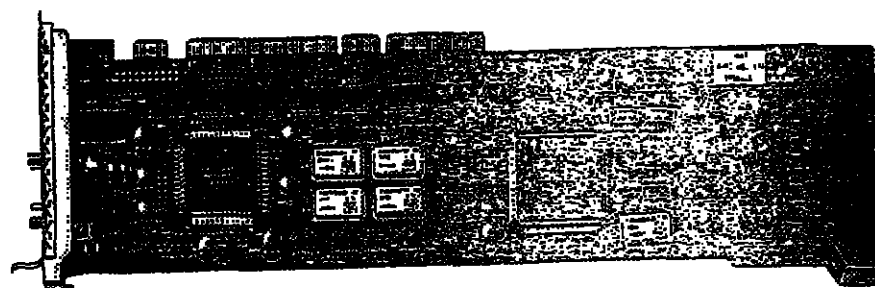
Model 95 offers you an immensely powerful,

high-performance and high-capacity LAN server, while the updated PS/2 Models 80-386 and 65 SX offer quality, lower-cost server alternatives.

You can effectively access the data on your network with the new PS/2 Model 55LS – a cost-efficient workstation with no disk drive, so confidential information can't be removed from the system. (Equally, neither can viruses be added).

The IBM Token-Ring network optimises the hardware connection between your LAN server and the workstations.

The new Model 55LS comes configured with either a Token-Ring network adapter or an Ethernet

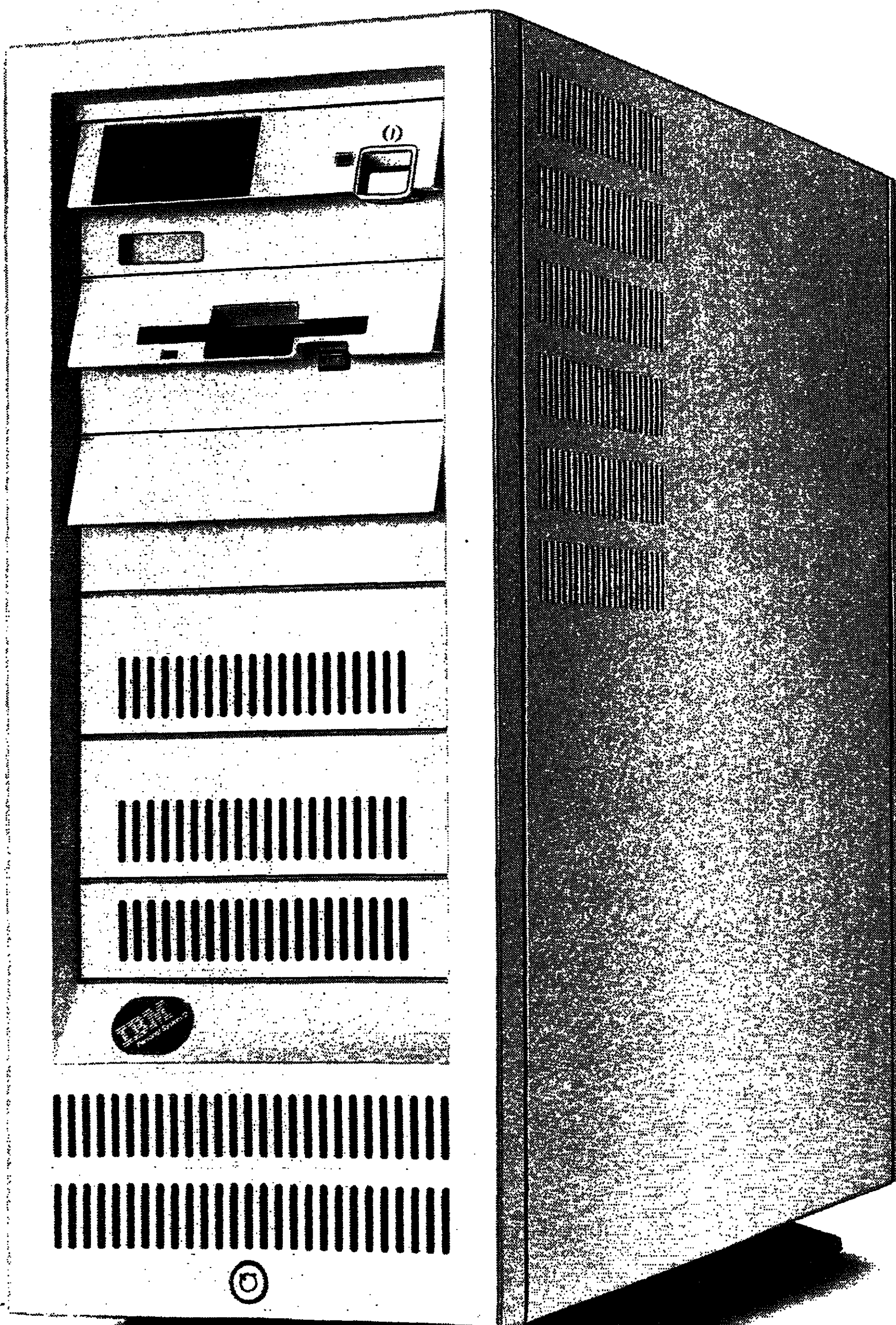


adapter, offering you a choice of network standards.

While powerful new IBM OS/2 LAN Server version 1.3 provides an efficient low-cost LAN software solution.

And with the addition of the IBM LaserPrinter, you can complete your networking system.

To find out more about the remarkable new PS/2 range, visit an IBM Authorised Dealer within our network throughout Europe.



STYLE MAKERS



A Christian Dior design of 1954, one of the creations in the Paris auction.

Haute Couture as Fine Art

Paris Show and Auction to Display Fashion Classics

PARIS — Paul Poiret, a flamboyant couturier who died in poverty, wrote about the ephemeral nature of fashionable designs. "Who remembers them?" he asked. "The public taste was not mature and today they are worth their weight in gold. The truth is that works of art require the passage of time to be fully understood. I made dresses which I hope have never been destroyed. Somewhere there must be fashions who keep these relics."

Five hundred of fashion's everlasting blooms — from a forgotten pearl-trimmed 1920s shift by Eté to bold geometric 1960 embroidery by Valentino — go on show in Paris next weekend and will then be auctioned.

This unprecedented sale of haute couture suggests that high fashion has finally been accepted as art. The one-off designs, with their exquisite fabrics, intricate workmanship and precise documentation, are a new area of interest for serious collectors.

Poiret might have saved himself from penury had his swaggering luxury fetched the prices now estimated. His 1910 opera cloak, dripping in sable over black and purple silk and gold lame, is estimated at 150,000 francs (about \$30,000). Another extraordinary work of art — a kimono designed, bridled in relief and painted by Gustav Klimt in 1903 — cannot even be estimated. But the auction house Drouot-Montaigne suggests prices of 80,000 francs for a Dior ball gown from the 1950s and early outfits from Chanel.

The sale, during the day and evening next Monday, is expected to attract museums and collectors from around the world. It will also offer an exceptional overview of

fashion since the accepted origin of couture in 1859, when Charles Frederick Worth first made dresses for Empress Eugénie.

A Worth dress in the sale, dated 1885, shows the familiar late Victorian silhouette, with a rounded bodice fringed and embroidered with jet and a hint of a bustle. From the same era is a dramatic Paquin court gown with ivory lace medallions overlaid on black silk.

Such outfits are historically important and have long been collected by connoisseurs and costume

Fashion designs are a new interest of serious collectors.

museums. There is a reprise of this fin de siècle grandeur in the 1950s when, under the influence of Dior's New Look, the romantic ball gown was given another grand tour. Two Jacques Fath dresses, one a masked ball outfit marrying 18th century panniers with 1950s form, are fine examples and, like all couture, one-of-a-kind.

The sale is divided into day and evening outfits, and inevitably the grand gowns, or their shorter cocktail equivalents, make the most dramatic statements — both in shape and in the couture fireworks of embroidery and decoration. A Nina Ricci cocktail dress from 1950 is made from rainbow panels of organza smothered with pearls. But there are less showy couture tricks of cut and drape to be found in Jean Dessès' little black dress, its bodice twisted effortlessly across the bust, or in a 1966 silver of crepe de chine from Yves Saint Laurent. The clothes are documented in

great detail by Mary Vaudoyer, although the catalogue has, disappointingly, only black and white photographs. They will also be displayed at the weekend as a transient museum exhibition in the newly restored Art Deco theater in Avenue Montaigne.

The range of designers included is impressive, for as well as the great French names (including modernists Pierre Cardin and Paco Rabanne) there are the Americans: Pauline Trigère (represented by a girlish floral brocade dress), Charles James, Norman Norell and Adrian. And there is, of course, Chanel — both the classic tweed suit with the texture of porridge in the bourgeois image of 1963, and a delicious whisper of aquamarine pleats on an afternoon dress from five years earlier.

The worldwide interest in haute couture is shown also by a commercial exhibition of costume and textiles, from Dec. 5 to 20 in London by Spink and Sons, with a handsome full-color catalogue. Alongside Art Nouveau curtains by William Morris, embroidered religious vestments, fragments of Islamic or Indian textiles and historic rocco costumes, is a section on haute couture.

This concentrates on the great names, with the stenciled velvets and tubular pleats of Mario Fortuny, Vionnet dresses (complete with documentary evidence) and exceptional evening dresses from Chanel in the 1930s and Dior and Balenciaga in the 1950s.

The public sales of haute couture will raise its status, but also make it harder for museums, often chronically short of money, to acquire these masterpieces, except by donation. Who will give when cast-off clothes are, as Poiret predicted, worth their weight in gold embroidery? **SUZY MENKES**

A Housewarming With the Landlady

LONDON — It was a welcome home for Diana, Princess of Wales, her brother and sisters at the lavish housewarming party held at Spencer House, the family's ancestral mansion overlooking Green Park.

The house has been restored to its glory days when it set the social pace in 18th century London. The Spencer family moved to its coun-

SUZY MENKES

try estate in the 1920s (taking the fancy fireplaces with them) and rented out the magnificent heritage as office space.

The tenant now is Lord Rothschild, who inherited £92 million on the death of his grandmother and has spent £16 million (\$31.5 million) on the superb restoration since his company, Rothschild Investment Trust Capital Partners, took a 125-year lease in 1985. The house is to be rented out for top-drawer entertaining.

John, the first Earl Spencer, built a temple of love to his young bride, Georgiana, whom he married secretly in 1755. A fat cherub flies across a domed ceiling holding a bronze plaque dedicated to Venus. Other symbolic reliefs show Bacchus and Apollo, representing the drinking and musical revels that went on in the Great Room — the grand reception room on the first floor.

Next door, the Painted Room — an early example of neoclassical art in England — tells the same sweet story of wine, women and singing in its delicate Greek friezes. One shows a virginal bride unveiled by Hymen — a reference to the clandestine marriage of Spencer and Georgiana during a ball to celebrate his 21st birthday.

The youthful, festive spirit of Spencer House is echoed in the many details, restored now under the guidance of the interior designer David Milner. He has re-created the bright, opulent color of the original, setting a low-grown ceiling against red damask walls in the Great Room and framing classical drawings in Lady Spencer's rooms in a vivid cerulean-blue.

The most dashing touch is the warm regilding of Lord Spencer's room, where pillars and arches are molded into succulent golden palm trees — a fitting setting for an earl whose shoes had diamond buckles.

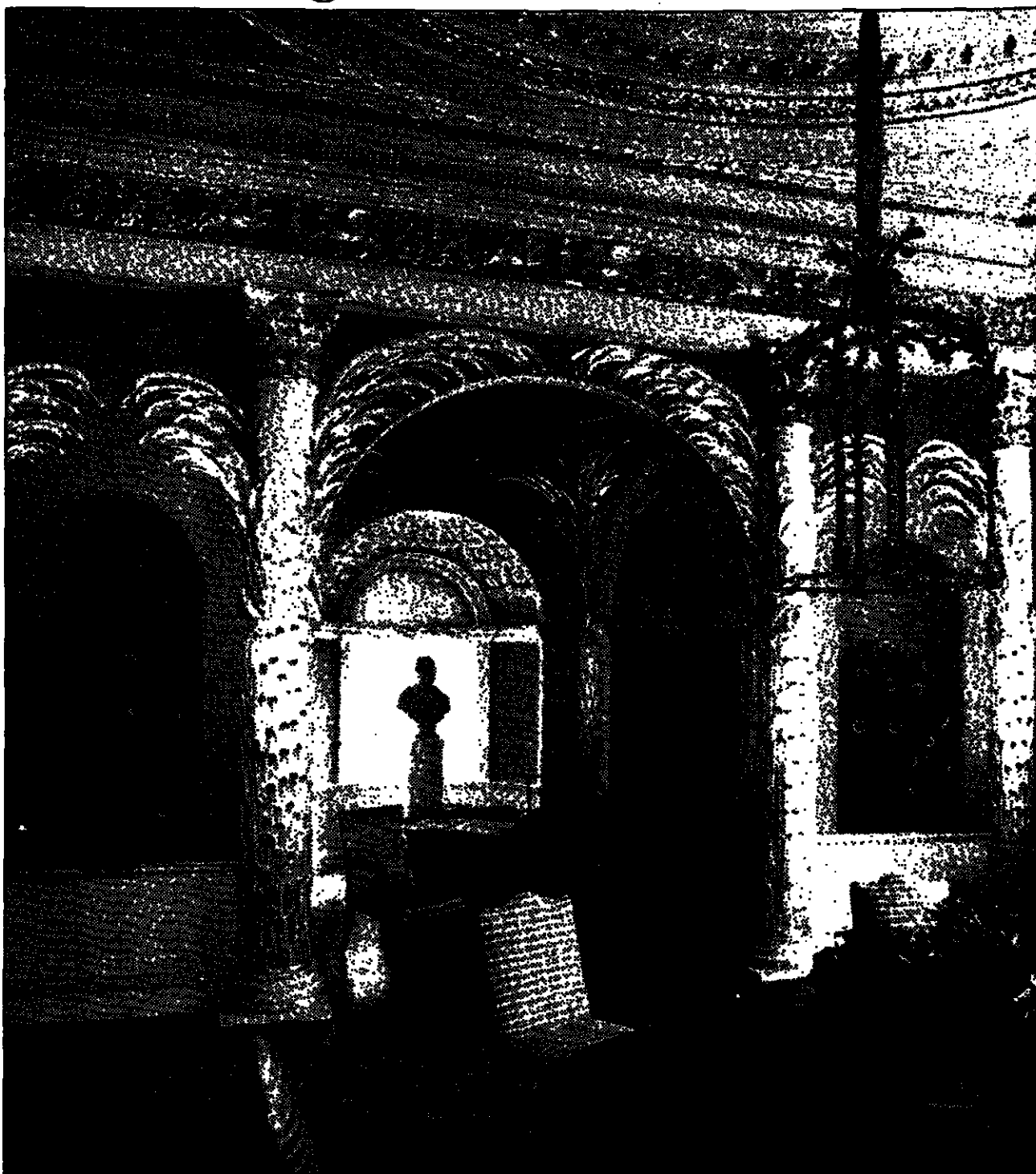
But Spencer House stands for more than a lavish 18th century world devoted to pleasure. It is an architectural landmark, showing the moment that Palladian style moved to the neoclassical. This is partly because two hands were at work — the exterior and ground floor were designed by John Vardy, a disciple of William Kent, and the stairs and upper rooms by James (Athenian) Stuart, an enthusiast for the Greek revival.

FROM the outside (and you have to take a tourist walk through the park to appreciate the facade) the house is a classical Palladian mansion with Doric columns and statues.

The lighthearted classicism is throughout. The focus is on the big formal rooms — the Great Room and dining room, where Queen Elizabeth has lent a series of heroic paintings by American-born Benjamin West. On each floor there are a pair of antechambers — a library downstairs and a music room above.

The American heiress Consuelo Vanderbilt, who became Duchess of Marlborough, gave birth to a son and heir at Spencer House in the 19th century. She tells in her memoirs how she could see from her balcony "the fine gallery with the vista of a further room painted in the Pompeian style." David Milner has succeeded in keeping this sense of a family home amid the grandeur, as though the plaid chairs in the palm room had just been vacated and the the inland marquetry desk, loomed by Jacob Rothschild, was stuffed with bills of exchange.

If the parties so far are any indication, Spencer House is set for a sumptuous future. At the opening, Diana, her sisters, Lady Jane Fel-



Facade of Spencer House, lower left, and the Palm Room, top. Lower right, Diana, Princess of Wales.



Lower right, Diana, Princess of Wales.

lowes and Lady Sarah McCorquodale, charmed with guests and Diana, in brilliant good spirits, called herself "the landlady" and joked that Lord Rothschild was unlikely to default on the rent. She congratulated him on a restoration in "consummate good taste."

"It was a labor of love on his part," she said. Her brother, Viscount Althorp, said that the family was pleased and proud to see the house today. "It is not an emotional experience for us, because none of us lived here, although I had my 21st birthday here — before the restoration,"

he said. Charles Althorp was with his game warden, Victoria, who has just had a 25th birthday dinner at Spencer House.

Four days before the official opening, a 60th birthday celebration was thrown by Drue Heinz for Princess Margaret, Queen Elizabeth's sister. The princess, in a Zandra Rhodes dress edged in pearls, set the light-hearted tone for an evening on which pearls were the theme. Michael Szell, who also decorated the queen's 60th birthday party, had swagged the seven tables with strings of pearls, installed snow white palms and covered

those empty fireplaces with Princess Margaret's symbol of a crown topped with a letter M. Guests included, at Princess Margaret's table, the Duchess of Grafton, the Duke of Marlborough, and Roderick Llewellyn with his wife Tania. Margaret's son, Lord Linley, wore a "pearly king" embroidered jacket. They dined on fillet of sole with wild mushrooms, followed by stuffed quail and meringue — prepared by one of the two Rothschild chefs attached to Spencer House.

You don't have to be a princess to hold a bash there, although it probably helps. The rental is

£10,000 for the use of the full house — less for a reception or small dinner. The house is available for government, diplomatic, corporate and private use, limited to 72 times a year. It has already been used for a NATO reception given by Margaret Thatcher, as well as for yet another landmark royal birthday: former King Constantine of Greece at 50. The French ambassador will use it for entertaining while the official residence is being refurbished.

Spencer House will be opened to the public on some weekends from next spring.

A Tokyo Paper For Women

The Associated Press

TOKYO — With a shocking-pink picture of Tokyo's skyline gracing its front page, Lady Kong — Japan's first newspaper designed for women — hit the newsstands Monday with lots of fluff but little feminism.

As with virtually all enterprises here, men run the daily tabloid, leading some critics to complain that the publication is not likely to challenge the role of women in Japanese society.

The tabloid's name refers to King Kong's girlfriend. The name apparently is meant to show that women are strong, too. That will depend to a large extent on Masahiro Oshima, 41, who is the tabloid's editorial director. Twenty-seven of the 47 editors and reporters on his staff are women, but they are in charge only of the entertainment and city guide sections. The company recruited male writers to work in the news department, Oshima explained, "to give news stories a serious tone."

The leading headline was a call for Tokyo's commuter trains to extend operations each night to 2 A.M.

ACROSS

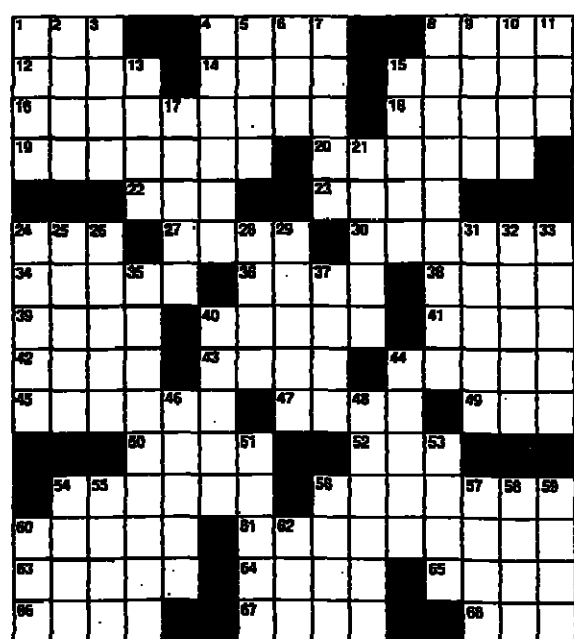
- 1 Buddy
- 4 Consider
- 8 Waistband
- 12 Inter —
- 14 Gaelic
- 15 French nobleman
- 16 System espoused by Castro
- 18 Arctic, e.g.
- 19 "... rollin' along" Kern
- 20 Possessing
- 22 Tennis unit
- 23 Where Seaver once pitched
- 24 Qty. of heat
- 27 Remainder
- 30 Nantucket is one
- 34 Tears
- 36 River duck
- 38 Words of comprehension
- 39 Pot builder
- 40 Boundary
- 41 Shock
- 42 Egyptian goddess
- 43 Not closed

Solution to Previous Puzzle

AMPS HOLES AMID
PERU OVERT META
EDAM LATER AHEW
DIMEST AUTUMN
ETTER GIL
SCARCE ANNALS
ALB IRIS ALONE
SEASON OF PASSION
HATER VEST ROD
RELATE ONSETS
TED SNAP
WINTER CAPRICE
ARIA SEPAL IDOL
CALM EWEELL NEWS
ONES READY SALE

DOWN

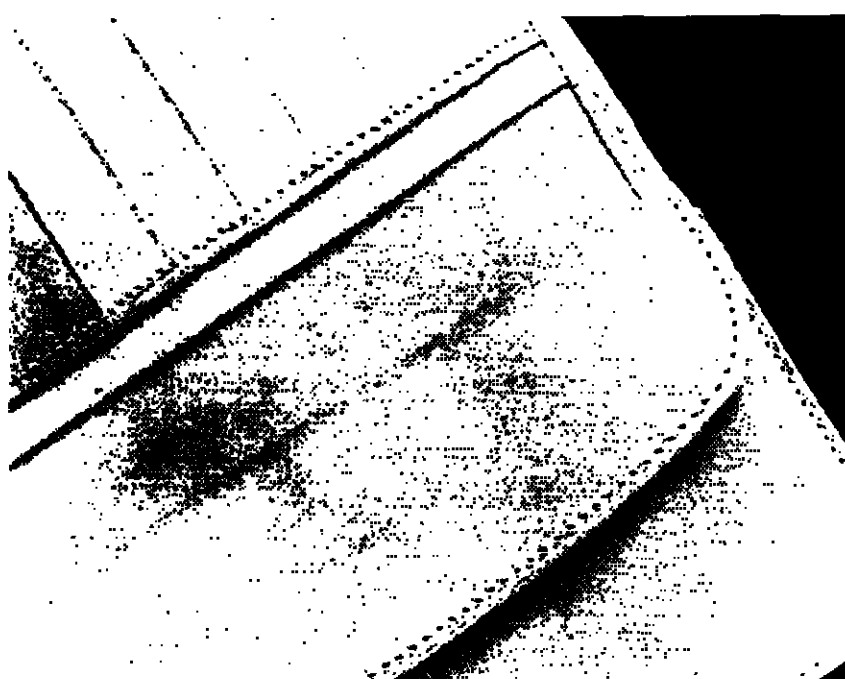
- 1 Prepare for a trip
- 2 Plant of the lily family
- 3 Citrus fruit
- 4 Signify
- 5 Ireland
- 6 Letter before tee
- 7 Brief notes
- 8 System espoused by Debs
- 9 Hymn finale
- 10 Kind of line or party
- 11 Leghorn, e.g.
- 13 Elec. units
- 15 Geometric figures
- 17 Handlers
- 21 As long as
- 24 Queue
- 25 On edge
- 26 Loosen knots
- 28 Foot or door follower
- 29 Belief
- 31 Moving about
- 32 Nerve: Comb. form
- 33 Foggy
- 35 System espoused by tyrants
- 37 Teen-age problem
- 40 Strong point
- 44 Storage place
- 46 Item written in a diary
- 48 Married woman, in Madrid
- 51 More unusual
- 53 River in Norway
- 54 Plan of a novel
- 55 Vacationer's delight
- 56 " — a man with ...
- 57 Metric foot
- 58 Some W.W. I. fliers
- 59 The Harp constellation
- 60 One of the TV networks
- 62 Actress — Marie Saint



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TUESDAY, NOVEMBER 27, 1990

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INTERNATIONAL STOCKS

German Companies Feel Pinch in Export Markets

By Richard E. Smith
International Herald Tribune

FRANKFURT — The German economy appears set to continue its boom well into next year in spite of a slowdown nearly everywhere else, but its major companies, which include some of the world's most active exporters, are finding it difficult to ignore the rest of the world.

The plunge of the dollar, volatile oil prices and various sorts of exposure in Eastern Europe and Latin America are leaving scars in this autumn's round of corporate results and signaling stockholders to beware.

"The profits of West German companies have begun to slip due to costly entry investments in East Germany, the negative effects of engagements in Brazil, high oil prices and the falling export boom," said Deutsche Bank in a recent stock forecast.

"Profits of quoted German companies as a group could drop as much as 10 percent this year," said Guy Rigden, a securities strategist with UBS/Phillips & Drew in London.

Analysts say that the companies that will fare best are in sectors focused on the booming domestic market rather than on sagging foreign ones. This means that German construction firms and retailers could remain solid performers while the auto, steel and chemicals firms appear doomed to weaken more in the wake of record or near-record results in 1989.

The biggest single culprit is the high-flying Deutsche mark, which has set a series of new records against the sagging dollar this autumn.

"Orders from abroad were already falling in the third quarter and this is important for a country that depends on exports for 37 percent of its gross national product," said Ulrich Hombröcher, economist with Westdeutsche Landesbank Girozentrale in Düsseldorf.

Although German manufacturers have traditionally had to live with the handicap of one of the world's strongest currencies, they have been bitten hard by a dollar slipping below 1.50 DM.

Daimler-Benz AG, Germany's largest company, warned this month that the plummeting dollar had not only affected its own sales this year but could have "far-reaching consequences" for German manufacturing as a whole. Eberhard von Kuenheim, chairman of BMW, even said recently that he would not exclude the possibility of shifting some production to the United States.

GERMANY'S MAJOR chemical companies, buffeted both by the dollar and by nervousness about the outlook for oil prices, have been reporting some of the sharper profit drops.

The banks are still firmly anchored in the booming domestic economy but must worry that high interest rates will force heavy write-offs in shakier parts of their portfolios.

While some of these shifts are typical of any down cycle, this year's reunification has left no facet of German economic life untouched and makes it difficult to compare the German situation with other countries or with its own previous patterns.

Reunification, which sooner or later is a boon for nearly all German companies, has already proved to be a major support for retailers and automakers. If the government and many private analysts prove right with predictions that the East German economy manages to turn around next year, the pocketbooks of 16 million East German consumers may fill enough to benefit other sectors as well and allow a payback for West German companies on their often sizeable investments.

Commerzbank said last week that it hopes its East German operations will be operating in the black next year and Edzard Reuter, chairman of Daimler-Benz, said recently that sales of the

See GERMANY, Page 14

Soviets Expect Plunge in Oil Exports

Agence France Presse

MOSCOW — The Soviet Union, the world's largest oil producer, is budgeting for a 50 percent drop in oil exports next year, according to the draft budget presented by the government to the federal parliament on Monday.

"The exports will be reduced by a factor of about two compared to the level forecast for 1990," the text of the budget said.

The collapse of Soviet exports, particularly in the oil sector, will cost the state around 45 billion rubles (\$82 billion at the official exchange rate) in lost revenues, said the Soviet finance minister, Valentin S. Pavlov.

The budget estimated the Soviet deficit at 250 billion rubles in 1991 and Mr. Pavlov said "exceptional measures" would have to be taken.

[The Soviet new agency, Tass, said Monday that the government had proposed freezing 50 percent of the bank accounts of state-owned businesses by Saturday in an effort to cut the deficit. The Associated Press reported from Moscow.]

[The proposal offered to parliament would

allow employees to receive part of their salaries in the form of shares in their companies.

If approved, it would be the first large-scale sell-off of shares in state-owned businesses in Soviet history, and the first step in a massive plan to privatize Soviet industry.

The drop in oil exports — the Soviet Union's main source of hard currency — is linked mainly by the sharp reduction in oil production in 1989, which the budget predicted would continue in 1990.

Official figures estimated oil production in 1989 at about 610 million tons, down 15 million tons compared with 1988.

Soviet economists, recently quoted by the liberal Moscow News, said the Soviet Union exported 127 million tons of oil in 1989, while exports for 1990 were not expected to exceed 100 million tons.

The reduction in oil production is mainly due to poor maintenance of machinery, a lack of spare parts and failure to bring new production fields on stream.

The budget also forecasts a drop in coal

production to 721 million tons next year, from 727 million tons this year.

Natural gas production, however, should be increased from 817 billion cubic meters this year to 830 billion cubic meters next year. But to do so, the Soviet Union will have to import about 20 new pumping stations.

Global production of petroleum products is expected to reach 540 million tons, compared to 575 million tons for this year, the text said.

The draft budget, presented by Mr. Pavlov and the deputy prime ministers Yuri Maslennikov and Leonid Abalkin, further forecasts an 8.4 percent drop in the overall level of exports and a 5.3 percent drop in the overall level of imports for next year.

The Soviet Union will continue to import spare parts and raw materials necessary to its industrial production, along with consumer goods, but it will otherwise seek to limit the level of imports, the text said.

The Soviet Union is also budgeting for a reduction in the export of wood, cellulose and other raw materials.

Oil Prices Surge on War Fears

Reuters

NEW YORK — Oil prices soared on Monday on the possibility that the UN Security Council will set a Jan. 1 deadline for Iraq to withdraw from Kuwait or face war.

Crude oil for January delivery closed at \$33.00 a barrel, up \$1.10 on the New York Mercantile Exchange. Earlier in the session, the contract climbed more than \$2 to \$34.25, before succumbing to profit taking.

"The possibility of a UN resolution and an ultimatum being passed has gotten war drums beating again," said Tom Benz, analyst with United Energy Inc.

The Security Council will meet on Thursday to discuss a U.S. proposal that would sanction the use of force if Iraqi President Saddam Hussein does not order his troops out of Kuwait by a January deadline.

Some oil traders took the proposal to mean that war was now inevitable. "We're on a collision course. It's a question of what speed we collide at," said Nauman Barakat, a London trader at Merrill Lynch.

In earlier London trading, the price of the benchmark crude, North Sea Brent Blend, jumped \$2.20 a barrel, to \$33.20.

The strength of the January contract in New York reflected perceptions that the risk of war was highest that month.

As New U.S. Tax Looms, Sales Soar

Retailers Push Big-Ticket Goods Before Jan. 1 Deadline

By Robert Pear
New York Times Service

WASHINGTON — U.S. retailers are urging affluent consumers to buy expensive cars, boats, jewelry and furs before the new federal "luxury tax" takes effect Jan. 1. Many consumers appear to be heeding the advice, with some retailers of luxury goods reporting a surge in sales.

Numerous car and boat dealers are publicizing the tax in an effort to stimulate business in the remaining five weeks of the year. So are Neiman Marcus Co. department stores and Van Cleef & Arpels Inc. jewelry stores.

"Beat the 10 Percent Luxury Tax," says an advertisement by State Island Boat Sales in New York, which offers yachts from \$185,000 to \$900,000. In Santa Monica, California, an auto dealer's ad urges customers: "Buy Now Before Luxury Tax."

The American Service Center in Arlington, Virginia, advises readers of its advertisement: "This is the optimum time to purchase the ultimate motor car — a Rolls-Royce or Bentley — before the new luxury tax becomes effective January 1, 1991."

Kenneth R. Moon, a salesman at Classic Automobiles, a Porsche dealer in Eastchester, New York, said that consumers' knowledge of the new tax had given business "a little shot in the arm."

John D. Vidinghoff, a businessman in Broomall, Pennsylvania, who recently bought a 50-foot (15.2-meter) sport-fishing boat for several hundred thousand dollars, denounced the luxury tax as a "ind-

Where the Excise Tax Bites

Tax applies to the portion of retail prices exceeding these levels:

\$30,000 for automobiles	\$100,000 for private boats and yachts
\$10,000 for furs and jewelry	\$250,000 for private airplanes

would, in the long run, adversely affect carpenters, metal workers, suppliers and others involved in the production of expensive boats. But for now, he expects booming sales.

"In November and December, we would normally sell six to eight boats for the two months combined," Healey said. This year, because of the impending luxury tax, "we expect to sell 24 in those two months."

Several auto dealers selling cars for more than \$30,000 said that sales this month were running 10 percent to 15 percent higher than in November of last year.

CURRENCY RATES

Cross Rates	Nov. 26
Australian dollar	1.4825
British pound	1.6725
Canadian dollar	1.2525
French franc	6.5425
German mark	1.5025
Italian lira	1,936.25
Japanese yen	163.25
Netherlands guilder	3.6025
New Zealand dollar	1.2525
Portuguese escudo	200.48
Spanish peseta	166.64
Swedish krona	8.4625
Swiss franc	1.4825
Thai baht	25.2375
West German mark	1.5025
Yen	163.25

Classings in London and Zurich. Prices in other centers: New York closing rates, Toronto 10:00 a.m. rates.

U.S. to buy one pound; U.S. to buy one dollar; U.S. units of 100; N.Y.C. not quoted; N.A.: not available.

Other Dollar Values

Dutch krona	2.7135	Israeli sheq.	1.951	Saudi riyal	3.7501	Turkish lire	2.951
Egypt. pound	2.8378	Kenyan sh.	n/a.	Sing. S.	1.0003	U.S. dollar	2.751
Fin. markka	3.357	Malay. Ring.	2.6818	S. Kor. won	714.70	Viet. dong	50.1

New York rates unless marked * (local rate.)

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.9549	1.9549	1.9419	Canadian dollar	1.1653	1.1608	1.1719
Deutsche mark	1.4974	1.4970	1.4873	Japanese yen	128.87	128.96	129.14
Italian franc	1.2631	1.2623	1.2616				

Source: *London Bankers' Handbook* & *Reuters Commercial Bankers' Handbook* (1980); *Reuters* (1981)

Forward Rates
Currency 30-day 60-day 90-day
Pound Sterling 1.6725 1.6725 1.6725
Australian dollar 1.4825 1.4825 1.4825
Canadian dollar 1.2525 1.2525 1.2525

Sources: Reuters Bank (London); Banca Commerciale Italiana (Milan); Banca Nazionale del Lavoro (Rome); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (ISDR); Reuters (London); Reuters Bank (London).

INTEREST RATES

Eurocurrency Deposits	Nov. 26
1 month	8.00%
3 months	8.00%
6 months	8.00%
9 months	8.00%
1 year	8.00%

Sources: All Reuters except ECU; ECU: ECU Bank. Rates applicable to interbank deposits of \$1 million minimum (for Eurodollar).

Key Money Rates

United States	Nov. 26
Discount rate	7.00%
Prime rate	10.00%
Federal funds	7.00%
Call money 10-12% bid	7.00%
3-month Treasury bill	7.00%
6-month Treasury bill	7.00%
9-month Treasury bill	7.00%
1-year Treasury bill	7.00%
2-year Treasury bill	7.00%
3-year Treasury bill	7.00%
5-year Treasury bill	7.00%

Asian Dollar Deposits

1 month	3 months	6 months	9 months	1 year
7.00%	7.00%	7.00%	7.00%	7.00%

U.S. Money Market Funds

1 month	3 months	6 months	9 months	1 year
7.00%	7.00%	7.00%	7.00%	7.00%

GOLD

Nov. 26	
Gold price	320.00
Gold price	320.00
Gold price	320.00
Gold price	320.00
Gold price	320.00

Trade Trouble Tied to Outdated Rules

By Clyde Farnsworth
New York Times Service

WASHINGTON — In seven rounds of global trade talks over four decades, tariff rates have been slashed by more than 75 percent. As imports became so much cheaper, trade across frontiers surged.

The problem for the eighth round of trade talks — which is scheduled to end in Brussels next week, if a bitter dispute on farm subsidies can be resolved — is precisely that success: World trade has outgrown the rules written for it.

The extent to which rules under the General Agreement on Tariffs and Trade, written 43 years ago, have been overtaken becomes clear with a brief look at communications. When the GATT agreement was reached, documents could be sent across the ocean by ship or by airmail; they now travel through computers and facsimile machines. In 1950, a 10-minute telephone call

between the United States and Britain cost \$200; it now costs as little as \$9.90. Such changes have made it far easier to conduct business internationally.

But today, more than one-third of annual trade of \$4 trillion is not covered by GATT rules, or not covered adequately.

No rule, for example, forbids the piracy of music cassette tapes, or computer software. As a result, American entrepreneurs in entertainment, software, pharmaceuticals and scores of other industries lose more than \$60 billion a year from the theft and counterfeiting of their ideas — their "intellectual property" — according to the tally of the U.S. International Trade Commission.

Nor do rules cover insurance, law, accounting, telecommunications, banking, advertising, tourism and other services.

The lack of GATT rules means that there is no international forum

to hear complaints when markets in Japan for architecture, engineering and construction are shut to the United States, or when German and French telecommunications monopolies bar competition, say from the United States or Canada.

To fill the vacuum in intellectual property and services, Washington has been using its own big stick — Section 301 of its trade law, which empowers the president to retaliate against any unfair trade practices abroad.

Now, hoping to win international agreement on an expanded set of rules, the U.S. government has suspended its unilateral trade offensive. But should the current Uruguay Round of GATT talks fail, Washington's offensive is likely to be renewed.

Another big gap in GATT is agriculture. GATT's past efforts to deal with farm trade have been largely unsuccessful, leaving a wide variety of import barriers and sub-

sidies, that make farm trade the most protected and distorted of any sector in the trade panoply.

The Organization for Economic Cooperation and Development has found that it cost taxpayers and consumers in the world's 24 richest countries \$250 billion last year to shelter their farmers from competition.

Although the United States protects dairy, sugar, peanut, cotton, grain and other sectors through subsidies and import quotas, Washington has offered to drop most of its protection if the European Community and other nations will go along.

U.S. Subsidy Warning

The U.S. agriculture secretary, Clayton K. Yeutter, said Monday that the United States may boost subsidies of its agricultural exports should the international trade talks fail to lower foreign trade barriers. The Associated Press reported.

UIC Revamping Gives Liem a Stake of 10%

By Michael Richardson
International Herald Tribune

SINGAPORE — The businessman Liem Sioe Liong will gain control of more than 10 percent of United Industrial Corp., one of Singapore's premier property companies, under a share-swap arrangement announced Monday.

Analysts said the deal would give Mr. Liem — founder of the Salim group of companies, the largest conglomerate in Indonesia — a strategic stake in the Singapore real estate market.

It would also help reduce the substantial debt amassed by UIC to finance a takeover of Singapore Land Ltd. earlier this year.

Under the plan, Finnegan Investments Ltd., a company controlled by Mr. Liem, agreed to sell shares and bonds valued at 129.4 million Singapore dollars (\$75.7 million) in Marina Center Holdings Pte. to Singapore Land, the largest shareholder in unlisted Marina Center.

Finnegan Investments also agreed to sell to Singapore Land shares and bonds worth 72.3 million dollars in Marina Bay Hotel Pte., whose main asset is The Oriental hotel in Singapore.

In return, Mr. Liem, who held a 17.3 percent stake in Marina Center, agreed to use proceeds from the sales amounting to 201.7 million dollars to subscribe to new shares in UIC.

Last week, Lee Kim Yew, the chairman of UIC, sold his entire stake in the company, equivalent to 2.5 percent of its paid-up capital. Brokers said the shares were sold to Mr. Liem.



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MARKET DIARY

Dow Edges Higher
As Oil Rally Eases

NEW YORK — Stocks closed slightly higher Monday on the New York Stock Exchange, erasing sharp early losses as oil prices eased and bond prices bounced back.

The Dow Jones industrial average, which lost 12.13 points Friday, rose 5.94 to close at 2,533.17.

Among broader market gauges,

sharply higher oil prices and weakness in Treasury bonds.

Oil prices were up almost \$2 a barrel in afternoon trading, spurred by media reports that President George Bush appeared to have enough votes to get backing from the United Nations Security Council for the use of force against Iraq.

But later oil prices lost about half their gains.

In trading, MCA was the most active issue after a delay in opening, off 1/4 to 65 1/2 after Japan's Matsushita Electric Industrial agreed to buy the entertainment giant for at least \$66 a share, or \$6.13 billion. Matsushita jumped 3 1/2 to 128 1/2.

Texas Utilities followed, up 1/2 to 37 1/2. Fannie Mae was third, up 1/2 to 31 1/2.

Eli Lilly was next, up 2 1/2 to 72 1/2, after an analyst reportedly repeated a "buy" recommendation on the stock.

War Fears Lift Dollar
As Market Grows Tense

(Compiled by Our Staff From Dispatches)

NEW YORK — The dollar edged higher on Monday in slow trading amid renewed fears of imminent war in the Gulf.

The United States has distributed a draft resolution to the other members of the United Nations Security Council that asks the body to set a Jan. 1 deadline for Iraq to withdraw from Kuwait or be removed by force.

The U.S. unit climbed to 148.78 Deutsche marks, after 14.867 DM on Friday, and to 128.95 yen, after 127.13.

The British pound was higher at \$1.9695, compared with \$1.9676. Sterling was buoyed by sentiment that the next Conservative Party leader would cut interest rates, force closer ties with Europe and defeat the Labor Party in the next general election.

The dollar ended at 1.2630 Swiss francs, up from 1.2601, and at

5.0145 French francs, after 5.0095.

Carl Ammend, an assistant vice president with the Bayerische Hypothek- & Wechsel-Bank, said the prospect of U.S.-initiated fighting in the Gulf prompted a round of safe-haven dollar purchasing.

But he said that after the initial flurry of buying, currency players started taking profits on the rise, bringing the dollar off its highs.

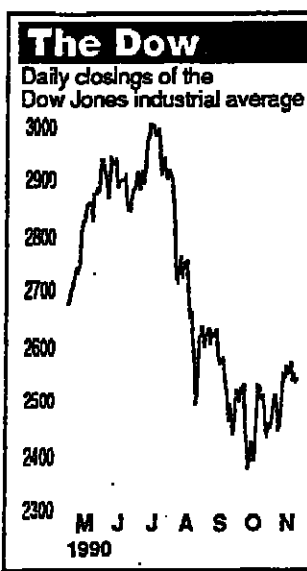
Earlier, in London, the dollar climbed to 1.4930 DM, after closing Friday at 1.4858, and to 128.92 yen, from 127.30.

Many dealers said the dollar would stay under pressure.

"The fundamentals don't support a higher dollar," said Mahesh Trivedi, head of the corporate desk at Daiwa (Europe) Bank.

The pound slipped to \$1.9647, from \$1.9675, but climbed to 2.9324 DM, after 2.9248.

The dollar moved up to 1.2689 Swiss francs, from 1.2580, and to 5.0343 French francs, from 5.0078. (Reuters, UPI)



NYSE Most Actives

Vol.	High	Low	Last	Chg.
MCA	118 1/2	117 1/2	118 1/2	+1 1/2
Texas	37 1/2	37 1/2	37 1/2	+1/2
Fannie Mae	31 1/2	31 1/2	31 1/2	+1/2
Eli Lilly	72 1/2	72 1/2	72 1/2	+2 1/2
Amgen	118 1/2	117 1/2	118 1/2	+1 1/2
Amgen	118 1/2	117 1/2	118 1/2	+1 1/2
Amgen	118 1/2	117 1/2	118 1/2	+1 1/2
Amgen	118 1/2	117 1/2	118 1/2	+1 1/2
Amgen	118 1/2	117 1/2	118 1/2	+1 1/2

NYSE Diary

Adv.	Unch.	Decl.	Total
1,000	1,000	1,000	3,000
1,000	1,000	1,000	3,000
1,000	1,000	1,000	3,000
1,000	1,000	1,000	3,000
1,000	1,000	1,000	3,000

NASDAQ Diary

Adv.	Unch.	Decl.	Total
1,000	1,000	1,000	3,000
1,000	1,000	1,000	3,000
1,000	1,000	1,000	3,000
1,000	1,000	1,000	3,000
1,000	1,000	1,000	3,000

Dow Jones Averages

Index	High	Low	Last	Chg.
Dow Jones	2,533.17	2,533.17	2,533.17	+5.94
S&P 500	2,533.17	2,533.17	2,533.17	+5.94
NASDAQ	2,533.17	2,533.17	2,533.17	+5.94

Standard & Poor's Indexes

Index	High	Low	Last	Chg.
Industrials	2,533.17	2,533.17	2,533.17	+5.94
Utilities	2,533.17	2,533.17	2,533.17	+5.94
Financials	2,533.17	2,533.17	2,533.17	+5.94
SP 500	2,533.17	2,533.17	2,533.17	+5.94

NYSE Indexes

Index	High	Low	Last	Chg.
Composite	2,533.17	2,533.17	2,533.17	+5.94
Industrials	2,533.17	2,533.17	2,533.17	+5.94
Financials	2,533.17	2,533.17	2,533.17	+5.94
NYSE	2,533.17	2,533.17	2,533.17	+5.94

NASDAQ Indexes

Index	High	Low	Last	Chg.
Composite	2,533.17	2,533.17	2,533.17	+5.94
Industrials	2,533.17	2,533.17	2,533.17	+5.94
Financials	2,533.17	2,533.17	2,533.17	+5.94
NASDAQ	2,533.17	2,533.17	2,533.17	+5.94

AMEX Stock Index

Index	High	Low	Last	Chg.
AMEX	2,533.17	2,533.17	2,533.17	+5.94
Industrials	2,533.17	2,533.17	2,533.17	+5.94
Financials	2,533.17	2,533.17	2,533.17	+5.94
AMEX	2,533.17	2,533.17	2,533.17	+5.94

Dow Jones Bond Averages

Index	High	Low	Last	Chg.
20 Bonds	2,533.17	2,533.17	2,533.17	+5.94
100 Bonds	2,533.17	2,533.17	2,533.17	+5.94
Dow Jones	2,533.17	2,533.17	2,533.17	+5.94

Market Sales

Index	High	Low	Last	Chg.
NYSE	2,533.17	2,533.17	2,533.17	+5.94
NASDAQ	2,533.17	2,533.17	2,533.17	+5.94
AMEX	2,533.17	2,533.17	2,533.17	+5.94

N.Y.S.E. Odd-Lot Trading

Index	High	Low	Last	Chg.
NYSE	2,533.17	2,533.17	2,533.17	+5.94
NASDAQ	2,533.17	2,533.17	2,533.17	+5.94
AMEX	2,533.17	2,533.17	2,533.17	+5.94

S&P 100 Index Options

Index	High	Low	Last	Chg.
S&P 100	2,533.17	2,533.17	2,533.17	+5.94
Options	2,533.17	2,533.17	2,533.17	+5.94
S&P 100	2,533.17	2,533.17	2,533.17	+5.94

Currency Options

Index	High	Low	Last	Chg.
USD/DEM	2,533.17	2,533.17	2,533.17	+5.94
USD/GBP	2,533.17	2,533.17	2,533.17	+5.94
USD/JPY	2,533.17	2,533.17	2,533.17	+5.94

European Futures

Index	High	Low	Last	Chg.
EUR/USD	2,533.17	2,533.17	2,533.17	+5.94
EUR/GBP	2,533.17	2,533.17	2,533.17	+5.94
EUR/JPY	2,533.17	2,533.17	2,533.17	+5.94

COFFEE (ICE)

Index	High	Low	Last	Chg.
COFFEE	2,533.17	2,533.17	2,533.17	+5.94
Options	2,533.17	2,533.17	2,533.17	+5.94
COFFEE	2,533.17	2,533.17	2,533.17	+5.94

COCA (ICE)

Index	High	Low	Last	Chg.
COCA	2,533.17	2,533.17	2,533.17	+5.94
Options	2,533.17	2,533.17	2,533.17	+5.94
COCA	2,533.17	2,533.17	2,533.17	+5.94

COCA (ICE)

Index	High	Low	Last	Chg.
COCA	2,533.17	2,533.17	2,533.17	+5.94
Options	2,533.17	2,533.17	2,533.17	+5.94
COCA	2,533.17	2,533.17	2,533.17	+5.94

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Index	High	Low	Last	Chg.
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Options	2,533.17	2,533.17	2,533.17	+5.94
COCA	2,533.17	2,533.17	2,533.17	+5.94

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Index	High	Low	Last	Chg.
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Options	2,533.17	2,533.17	2,533.17	+5.94
COCA	2,533.17	2,533.17	2,533.17	+5.94

Separately, the EC Commission has approved the acquisition of the British agricultural machinery firm of J. H. Raymer & Co. Ltd. from Unilever.

Chrysler Unit S

TROY, Michigan (UPI) —

SAS Sees Profit Dip, Revamps Structure

COPENHAGEN — Amid a major structural reorganization, Scandinavian Airlines System, the airline and hotel group, announced Monday that it expects operating profit to be sharply lower this year in its airline division.

Pointing to a fall in passenger traffic and a sharp rise in fuel prices, SAS said 1990 operating profit in the division would fall below the 2.27 billion kroner (\$409.7 million) it reported for 1989. No precise figure was given. In its half-year report in August, the company predicted that 1990

group operating profit before deductions would be unchanged. In 1989, this was 2.66 billion kroner. Lars Bergvall, chief operating officer of the SAS airline since 1986, was named to take charge of activities related to the company's airline alliances within a new department, business and strategic development. This unit is to supervise its stakes in other companies and support business interests of alliance partners.

Kjell Fredheim was named the executive vice president and chief operating officer for the airline.

Sven A. Heiding, who has been European chief of the airline since 1983, has been named to head the new commercial development division. This unit is to "work for the implementation and expansion of the global travel service system, both within the SAS Group and between SAS and its partners," the company said.

The president and chief executive of SAS, Jan Carlzon, said in a statement, "The continued refinement of the organization spells a more active engagement by SAS in our equity interests and alliances." SAS has loose cooperation alliances with several foreign airlines.

For the first six months of the year, the company's pretax profit fell 37.7 percent to 369 million kroner, amid an industry-wide slump. Investment in new aircraft and an expanded traffic program pushed the airline division's operating income for that period down to 128 million kroner, from 416 million a year earlier.

Finnair Profit Falls by 50%

HELSINKI — Finnair, Finland's national airline, on Monday said its pretax profit plunged by 50.2 percent to 135.1 million markka (\$28 million) in the six months ended Sept. 30, from 272.1 million a year earlier.

Finnair said its group revenue increased to 2.85 billion markka from 2.66 billion markka a year earlier. A Finnair spokesman was not immediately available to comment on the figures.

The company said its profit after financial items amounted to 95 million markka, down sharply from 223.3 million. Operating margin amounted to 28.8 percent markka, Finnair reported, down from 36.7 percent a year earlier.

For Caribbean Bananas, EC Could Bring Bruises

CASTRIES, St. Lucia — Banana farmers in the Caribbean are worried about economic changes in Europe, which they fear could kill their industry.

With trade barriers among members of the European Community scheduled to end in 1992, St. Lucia and other islands in the Windward chain stand to lose the protection they have long enjoyed for their bananas in the British market.

Producers of other Caribbean exports, like sugar and bauxite, are also concerned that the new rules will put an end to the preferential arrangements that help them compete with rivals in Latin America.

"Nineteen ninety-two is an immediate problem, and our first challenge is getting the quality up to Latin American standards," said Michael Lansiquot, general manager of the St. Lucia Banana Growers Association. "To say that doom is not one of the possibilities we face would be unrealistic."

Politicians and diplomats from the Windwards have been traveling through Europe in an effort to secure continued market guarantees.

U.S. Publishers Push East

New York Times Service

NEW YORK — Farrar, Straus & Giroux of the United States has long published books by authors from the Soviet Union and Eastern Europe. But with censorship and other barriers to book publishing toppling in the region, the house recently added what are known as sub-agents in Berlin and Belgrade.

Like many other publishers, Farrar Straus sees great potential in a region of almost 400 million people, a new and potentially rich market, at a time when book companies are feeling squeezed in their established markets.

In addition, as foreign publishers are increasingly drawn to the United States for growth, their American counterparts are also aiming to become global companies.

"Many of our books are now being published in Poland, Hungary and Yugoslavia," said Roger W. Straus, president of the company. "And I just signed a whole lot of Russian contracts, including three for Isaac Bashevis Singer."

Those books are being published in translation, but for the time being the biggest opportunity for most U.S. publishers

may be in educational and reference books in English. Because Eastern European nations are still mired in bureaucracy and confusion and have obsolete printing equipment, few U.S. publishers expect big profits for at least half a dozen years. But those who are looking to the East say it is important to establish a

Few expect big profits for at least half a dozen years.

presence as soon as possible, both to get to know the market and to be in a position to teach American publishing methods.

Thus, Bantam Books, which last year began selling books in Hungary, shipped English-language paperback books to bookstores in Czechoslovakia earlier this month. Now it has its sights set on Poland, Romania and Bulgaria.

A few months ago, Simon & Schuster signed a copublishing agreement with Novotrade Ltd., Hungary's leading publisher and

distributor, and it is contemplating similar agreements in other Eastern European countries.

Novotrade will distribute a wide range of English-language books. Many titles will be translated into Hungarian and then copublished in Belgrade by Novotrade and Simon & Schuster.

The University of Nebraska Press has been helping to establish a publishing program at Charles University in Prague, in part by prevailing on Apple Computer-Europe to donate three Macintosh computers and then sending over instructors from Nebraska.

Publishing executives expect the book traffic with the Soviet Union and Eastern Europe will continue to be overwhelmingly West to East, meaning that Americans will sell far more books to the region than they will buy from it.

But some recent deals suggest that the potential exists for more books from the East than some publishers had anticipated.

Presidio Press of Novato, California, which specializes in military history, has signed contracts with high-ranking Soviet military officers for four books and has options on 15 more.

GERMANY: France Nears Compromise On Japanese Car Imports

(Continued from first finance page)

company's luxury cars in East Germany might even help alleviate sales drops in the United States.

Renunciation could eventually prove to be a long-term trump card for corporate Germany and even help insulate Germany in future downturns if the momentum of the former East German economy swings into convincing motion in the next several years.

In the meantime, some analysts believe that the current profit drop for German companies may be short-lived if they succeed in shifting as much as possible to the domestic market.

There may even be some relief abroad. While the Gulf crisis remains a wild card in the short or middle term, it seems unlikely that the dollar will wallow at current levels much into next year.

Relief on the foreign-exchange front would be particularly appreciated, because companies must contend at home with high wage costs in the wake of this year's round of settlements and high interest rates.

BRUSSELS — France edged toward a compromise Monday on future Japanese car imports into the European Community as a senior EC official emphasized that the key to a solution lay with Paris and Rome.

The EC industry commissioner, Martin Bangemann, said at a news conference that contacts between Brussels and Tokyo "are going on and we hope we can reach a result in the near future."

Community sources said the French government had shortened the transition period it wanted before Japanese cars could have unlimited access to the EC market.

They said the French industry minister, Roger Fauroux, had proposed that the transition period run until the end of 1991. This compared with a target year of 2002 previously suggested by France and Italy, the two EC national markets with the highest protection against Japanese cars.

Mr. Bangemann, who was speak-

ing after leading a broad policy debate with Community industry ministers, said it was up to member states, not the Commission, to do something to resolve differences over the transition period for Japanese cars.

CBI Predicts British GDP Will Decline

Compiled by Our Staff From Dispatches

LONDON — The economy will not start growing until the second half of next year, and then not enough to prevent a 1 percent drop in output for 1991, Britain's largest employers' association said Monday.

The assessment by the Confederation of British Industry contradicted the government's latest estimate of a 0.5 percent growth rate for gross national product for next year.

In addition to the 1 percent drop in gross domestic product forecast for 1991, the CBI said it expects manufacturing output to decline by 2.3 percent next year. The CBI's previous report had forecast 1991 growth of 1.3 percent in total GDP and a 0.3 percent rise in manufacturing output.

Money-market interest rates eased in early London trading in anticipation of a cut in base rates after the report was issued.

Dealers thought the CBI forecast had increased the chances that the next leader of the Conservative Party will cut rates sharply after taking office. Ballots are being held this week to elect a new party leader following Margaret Thatcher's resignation last week.

In its report, the CBI said GNP would grow in 1992 by 2.6 percent.

The confederation said inflation is likely to fall from its current rate of 10.9 percent to 5.1 percent at the end of next year, and then to 4.5 percent at the end of 1992.

The current-account deficit would fall sharply, to \$9.8 billion (\$19.3 billion), the report said. The chancellor of the Exchequer, John Major, said earlier this month that the deficit would hit \$20 billion.

(AFP, Reuters)

IKEA Joins Hotel Venture

MONTREAL — Jonathan Myette, a hotel developer, said Monday that his Allegiance Capital NA is forming an equally owned joint venture with the Swedish furniture retailer IKEA AB to build an economy hotel chain in North America.

Plans call for up to 100 hotels to be built throughout North America. If the idea takes off, hotels will also be built in Europe, Mr. Myette said at a press conference. He said the hotels will cost about \$15 million each and will be identical in design.

The hotel chain will operate under the Swedish Inn brand name. The first hotel will be built near Montreal's Dorval airport and will open in 1991, Mr. Myette said.

Hotels will be built as "economic and other conditions permit," said Per Ludvigsson, the chief financial officer of IKEA. IKEA will supply the furnishings. There will be bar-restaurants serving Swedish cuisine and beverages and complete fitness centers with Swedish saunas.

Investor's Europe			
Frankfurt DAX	London FTSE 100 Index	Paris CAC 40	
200	250	200	
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2030	2030	2030	

Bayer Sees 1990 Profit Falling by Nearly 25%

Compiled by Our Staff From Dispatches

LEVERKUSEN, Germany — Bayer AG's chairman said Monday the chemicals group's pretax profit in 1990 will plunge to between 3.2 and 3.3 billion Deutsche marks (\$2.15 to \$2.22 billion) from 1989's record of 4.11 billion DM.

Chairman Hermann Ströger said at a news conference that Bayer would view this result — a decline in profit of nearly one-quarter — as "completely satisfactory."

His comments came after Bayer said its group pretax profit fell 17 percent in the first nine months of the year. Pretax profit totaled 2.75 billion DM in the nine months, compared with 3.31 billion DM. The company blamed the poor results on squeezed profit margins and unfavorable foreign-exchange rates.

It is the third of the big three German chemicals companies to report sharply lower results for the first part of this year. All have been suffering from a global cyclical downturn in the chemicals business as well as the strength of the mark against the U.S. dollar.

Mr. Ströger said it was too soon to make any comment about the effect the decline in profits would have on Bayer's dividend payout this year. The company paid 13 marks on 1989 results.

Earlier this month, Mr. Ströger had told journalists that 1990

group sales and earnings would be slightly lower than in 1989. He said the decline would in large part be due to the dollar's decline.

Bayer also said that group revenue fell 4.3 percent to 31.54 billion DM in the first nine months, from 32.96 billion DM in the same 1989 period.

Group personnel costs rose to 9.29 billion DM from 8.99 billion DM, despite a decline in the work force, to 168,300 from 171,300.

In the third quarter, consolidated pretax profit fell by 32.3 percent to 140 million DM, and sales were down 5.6 percent at 9.74 billion DM.

(Reuters, AFP)

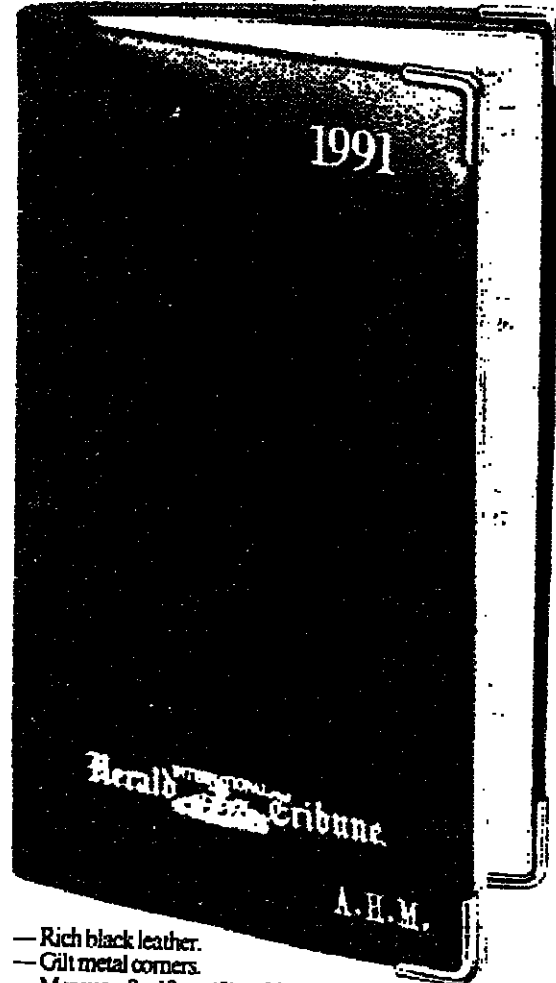
Südzucker Purchases East German Capacity

Agence France-Press

MANNHEIM, Germany — Europe's biggest sugar producer, Südzucker AG, announced Monday that it would take over around one-third of the sugar-refining capacity of former East Germany.

An agreement will be signed Friday with Trehand, the government agency overseeing the privatization of state assets, a Südzucker spokesman, Rainer Döhl, said. He declined to reveal the price.

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مكتبة الأمل

12 Month
High Low Store

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Taiwan Tries Its Own High-Tech Haven

By Sheryl WuDunn
New York Times Service

HSINCHU, Taiwan — In the glass and steel buildings beyond the green lawns of the science park here, Taiwan is trying to stage a new industrial revolution. Instead of toys, companies are making personal computers. Instead of electronic gadgets, they are making satellite receivers.

Taiwan is trying to abandon the low-tech products that made it rich and develop high-tech products that will enable it to compete with American and Japanese companies.

The government's science park is leading the movement. It has brought back 600 Taiwan-born U.S.-trained scientists and engineers, reversing a brain drain that over the last two decades saw Taiwan's best and brightest head to America, work their way through graduate schools and then find jobs at electronics companies in California's Silicon Valley and along Route 128 in Massachusetts.

The government is trying to use these experts to replace the country's opiate strategy with one based on innovation, and while critics say progress is slow, 107 companies are operating at the park, and there is little space left.

Still, Taiwan has been able to advance its expertise in computers. It now has a sizable share — 20 percent by some counts — of the world personal computer market. While it still buys the basic chip from Intel Corp. of the United States, Taiwanese companies can build almost everything else. Its largest per-

sonal computer maker, Acer Inc., is expanding rapidly, and had sales of \$480 million last year.

For Taiwan, the change in strategy is a matter of survival. For two decades, the country has relied on cheap labor to reproduce low-technology electronic products like toys and computer keyboards.

But with labor costs rising as its economy matures, Taiwan, like many rapidly developing Asian countries, is seeing its traditional markets eroded by countries with cheaper labor like China.

"A couple of years ago, Taiwan found a niche in low-end products like monitors, but now, with rising wages, these niches have vanished," said Benjamin H.W. Chen, an analyst at Baring Research (Taiwan) Ltd. "The new niche will be at the medium-tech level, like telecommunications products."

Taiwan has hundreds of small companies that are moving into the world of technology. It makes about 30 percent of all traditional computer monitors used in the world.

But Taiwan still has no company that even approaches the global might of International Business Machines Corp. or Fujitsu Ltd. — one reason the government created the science park. Using Silicon Valley as a model, the park hopes to provide the infrastructure, the manpower and an atmosphere for entrepreneurs who will help create one or two flagship companies.

"I don't think we can ever be on top, but we'd be proud to be second or third," said H.

Steve Hsieh, director general of the Science Park Administration, who returned to Taiwan in 1982 after 13 years in the United States.

The park has strict guidelines, including a requirement that its tenants spend 5 percent of revenue on research and development.

"Nothing here is at the forefront of research and development, but at least the direction is right," said Sydney Merritt, an adviser to United Microelectronics Corp., one of Taiwan's largest makers of integrated circuits.

The Industrial Technology Research Institute, which is affiliated with the park, is mapping out strategies for industrial development and is trying to start new ventures in fields like aerospace.

Park planners hope that by 1996 its companies will generate a total of \$8 billion in annual revenue and devote \$600 million a year to research and development. But at the end of last year, the companies in the park had brought in \$2 billion in revenue and invested \$70 million in research.

But the park is gaining a vital base. Among the companies here is Microelectronics Technology Inc. In 1983, Chi C. Hsieh, the company's president, and seven colleagues from the communications field left Silicon Valley and returned to Taiwan to develop microwave technology. The company, with 600 employees, had sales of \$48 million last year.

It makes suitcase-sized satellite communications systems that allow people to place telephone calls from just about anywhere.

Japan Trust Banks Post Weak Profits

Agence France-Press

TOKYO — Japan's seven trust banks on Monday announced sharply lower earnings for the six months ended Sept. 30, citing sharply higher interest rates and plunging stock prices.

Most of the trust banks, which specialize in managing assets such as pension funds, also cut their profit forecasts for the full year.

"We anticipate that the environment will remain difficult with continued depressed equity prices and continued high interest rates," said Takahiko Kikunaga, general manager for strategic planning at Yasuda Trust & Banking Corp. "We also foresee continued growth in fees for managing pension and other trusts."

Mitsubishi Trust & Banking Corp., the third-biggest trust bank and the country's oldest, said its net profit plunged 41 percent to 19.3 billion yen. Revenue grew 25.4 percent to 663 billion yen in the same period.

Yasuda Trust & Banking Co., an affiliate of Fuji Bank Ltd., said its net profit fell 29.3 percent to 22.6 billion yen. Revenue rose 34.7 percent to 634 billion yen.

Sanwa Trust & Banking Corp., affiliated with Sanwa Bank Ltd. and Mitsui Bussan Kaisha Bank Ltd., said its net profit fell 12.1 percent to 29.9 billion yen, the sharpest fall of all seven banks. Revenue advanced 25.9 percent to 457 billion yen.

Chuo Trust & Banking Corp. said its net profit fell 16.1 percent to 6.3 billion yen. Revenue jumped 48.9 percent to 286 billion yen. The bank left its profit forecast unchanged at 12.5 billion yen.

Sumitomo Trust & Banking Co., ranked second, said net profit

Investor's Asia

Hong Kong	Singapore	Tokyo
Hang Seng	Straits Times	Nikkei 225
3300	1800	35000
3200	1700	34000
3100	1600	33000
3000	1500	32000
2900	1400	31000
2800	1300	30000
2700	1200	29000
2600	1100	28000
2500	1000	27000
2400	900	26000
2300	800	25000
2200	700	24000
2100	600	23000
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1900	400	21000
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1600	100	18000
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900	0	11000
800	0	10000
700	0	9000
600	0	8000
500	0	7000
400	0	6000
300	0	5000
200	0	4000
100	0	3000
0	0	2000
0	0	1000
0	0	0

Exchange Index Monday Close Prev. Close % Change

Hong Kong Hang Seng 2995.52 3016.06 -0.68

Singapore Straits Times 1121.22 1126.80 -0.67

Sydney All Ordinaries 1355.10 1366.60 -0.84

Tokyo Nikkei 225 23762.86 23400.28 +1.55

Kuala Lumpur Composite 471.50 475.64 -0.87

Bangkok Book Club 527.15 559.34 -5.75

Seoul Composite Stock 690.58 679.99 +0.08

Taipei Weighted Price 4582.86 4926.39 -8.97

Manila Composite 634.20 643.75 -1.48

Jakarta Stock Index 389.66 390.99 -0.34

New Zealand Barclays 1304.18 1306.48 -0.18

Bombay National Index 647.57 635.89 +1.84

Sources: Reuters, AFP

International Herald Tribune

ASIA / PACIFIC

SEoul Expands Trade With Socialist Nations

Compiled by Our Staff From Dispatches

SEOUL — South Korea's two-way trade with socialist countries between January and August jumped 20 percent from the same period a year earlier, to total \$3.27 billion, the Economic Planning Board reported Monday.

The board listed Korean exports to socialist countries at \$1.59 billion, up 30.2 percent from a year earlier, and imports at \$1.68 billion, up 11.7 percent.

These countries include China and the Soviet Union as well as Eastern European nations, many of which are moving away from socialism to a market economy, officials said. The figures do not cover communist North Korea.

South Korea established diplomatic relations with the Soviet Union in September, winding up its two-year efforts to normalize

ties with East European countries. Trade with the Soviet Union in the first eight months of this year soared 64.3 percent from a year ago to \$488 million, while trade with Eastern European countries was up 83 percent to \$412 million.

But trade with South Korea's biggest Communist trading partner, China, rose only 5.8 percent to \$2.28 billion. Officials blamed the lower growth on China's economic slowdown and import restraints since its crackdown on the pro-democracy movement in June 1989.

As of the end of September, accumulated South Korean investments in the Eastern European countries, the Soviet Union and China amounted to \$175 million for 49 projects. Thirty-four of them, worth \$74 million, are now underway, the government said. (AP, AFP)

Korea Sets Terms for Entry Of Foreign Stockbrokers

SEOUL — Foreign securities firms wanting to open full branch operations in South Korea must have operating funds of at least 20 billion won (\$27.9 million), the Finance Ministry said Monday.

The ministry, confirming an earlier plan that a limited number of foreign securities firms will be granted dealing, underwriting and brokerage licenses beginning next year, said that to be eligible such firms must have been in business for at least 10 years and have had offices in Seoul for more than two years.

The ministry guidelines will also allow foreign securities firms to form joint ventures with local companies beginning next year.

At present, 24 foreign securities firms have representative offices in South Korea, but their business is restricted to research and non-profit activities.

The ministry also reaffirmed that the country would go ahead with its market opening plan, which calls for direct foreign investment in the Seoul stock market beginning in 1992.

In 1991, the ministry said foreign holders of existing convertible bonds will be able to convert their bonds into shares, sell them, and then freely reinvest in other local companies' stocks, according to the 1988 liberalization plan.

Japan Banks Cut Key Loan Rate

United Press International

TOKYO — Three leading Japanese long-term credit banks said Monday they will lower their long-term prime rate by 0.2 of a percentage point, effective Dec. 3.

Spokesmen for Industrial Bank of Japan, Nippon Credit Bank and Long-Term Credit Bank said the banks would cut their prime rates to 8.1 percent.

They said an expected 0.2-point fall in bank debenture rates, a benchmark for the long-term credit rate, was a factor in the rate reduction.

The long-term prime rate is the interest rate charged by credit banks on their loans of more than one year to their most creditworthy customers.

CSR Sets 2,000 Layoffs As Profit Slumps 11%

Reuters

SYDNEY — CSR Ltd., the building products and sugar group, said Monday that it would dismiss more than 2,000 employees in the financial year that ends March 31, and that about half that number already had been laid off.

The company said profit for the six months that ended Sept. 30 fell 11.1 percent to 207.7 million Australian dollars (\$158.8 million).

CSR, which employs 22,000 people worldwide, also said that it expects profit for the current financial year to be at least 12 percent lower. Last year, the company had net profit of 406.9 million dollars.

The company's managing director, Ian Burgess, said the staff cuts would save 60 million dollars. He added: "To have a 12 percent reduction in the full year's profit from last year's record would require building and construction materials markets to be relatively strong in both February and March 1991. If such is not the case, a greater profit fall is more likely."

For the first half, Mr. Burgess

said residential and commercial building activity in Australia was estimated to have been 15 percent lower than a year earlier, although engineering construction rose by an estimated 6 percent. Total construction activity in the United States fell 16 percent.

But, he said, "Given these sharp reductions and the unexpected fall in world sugar prices, CSR's overall result is satisfactory."

■ Layoffs Hit Australia TV

Australia's lowest-rated commercial television network, Channel 10, said Monday it would dismiss 300 of its 1,100 employees, Reuters reported from Sydney.

In receivership since Sept. 14, Channel 10 also said it would cut several programs, senior staff would take salary cuts and a wage freeze would be imposed in an attempt to save more than 100 million dollars over the next year.

Channel 10 was placed in receivership by its owners, Northern Star Holdings Ltd., after pressure from a banking consortium that it owed 455 million dollars.

Keidanren Boss Steps Down 18 Months Early

Agence France-Press

TOKYO — Eisairo Saito resigned Monday as chairman of Japan's powerful Federation of Economic Organizations, almost 18 months ahead of schedule, said an official of the group, known as Keidanren.

The 79-year-old chairman said he was stepping down to make way for younger businessmen to run the influential group.

He will be replaced by Gai-shi Hiraiwa, 76, the chairman of Tokyo Electric Co. who is currently vice chairman of the group.

Mr. Saito, who is also honorary chairman of Nippon Steel Corp., the world's biggest steelmaker, has headed Keidanren since 1986. His current two-year term was not due to expire until May 1992.

The Keidanren board accepted the resignation and nomination of the new chairman at a meeting in Tokyo on Monday.

Keidanren is a powerful lobby group that represents the interests of Japan's major industries.

Hong Kong Official Seeks Private Funding for Port

Reuters

HONG KONG — Hong Kong's Financial Secretary, Sir Piers Jacobs, said Monday he hopes that 80 percent of the cost of developing the new port section of the ambitious port and airport complex off Lantau Island would come from the private sector.

The new port and airport complex, to be built on reclaimed land off Lantau, carries an official price tag of 127 billion Hong Kong dollars (\$16.3 billion) at 1989 prices. The government has not given a separate figure for the cost of the port section.

Sir Piers was giving the opening speech at a conference of international shipping organizations, Sea-trade 1990.

Previously, government officials have said they expect to get between 40 and 60 percent of the overall cost of the entire project funded from the private sector.

■ Surplus Shrinks

The government said Monday that Hong Kong recorded a provisional trade surplus of \$16 million Hong Kong dollars for October, down sharply from 4.07 billion dollars in the year-earlier month, Reuters reported.

NYSE

Monday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

12 Month

High Low

12 Month

High Low

12 Month

High Low

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ART BUCHWALD Real Estate Therapy

WASHINGTON — Our real estate group therapy class meets on Thursdays at Rebecca Milkowsky's house. We discuss how terrible the market is and share with each other the pain of living in a world where a house is no longer a ticket to instant wealth. Janet Blankenship was the first to speak. "I spent all Saturday night baking brownies, and on Sunday I put them out on the dining room table with hot apple cider. Everybody who showed up ate the brownies, but not one person bit on the house."



Buchwald

Ray Slattery said, "People don't buy homes in exchange for brownies the way they did a couple of years ago. It's a buyer's market. Even chocolate eclairs don't do it anymore."

Jodie Torkelson joined in. "We took out an advertisement in The Washington Post, and the only response we got was from The Washington Times saying that they would run it in hold type for half the price."

"The funniest thing happened to us," said Herman Methfessel. "A

woman came to the house and hammered a sign into the lawn which read For Sale. When I yelled that the house was not for sale, she shouted back, 'You never know until the lady sings.' I asked, 'What the hell does that mean?' And she said, 'Beats me — they taught us to say that in real estate school.'"

The conversation got a little drier when Lila Crinson informed us that her husband Matt and she had split, and there were very bitter feelings involved. "If he had let me sell the house six months earlier we could have gotten \$500,000 for the place. What a Dummkopf!"

The reason I left him was never when to buy or when to sell or when to put out the garbage. "Perhaps he didn't know that real estate prices would plummet," Lila blurted out. "His girlfriend should have told him."

I tried to be helpful. "People who break up shouldn't get angry with each other because the price of their house isn't what it used to be."

Lila asked, "Why is it that your home is worth a fortune when you're living together, and it's not worth a Russian ruble when you're splitting up?"

David Jaffe said to me, "You lied last year when you told everyone that your home was worth \$4 million."

I responded, "I didn't lie. Every toolshed in the neighborhood was worth \$4 million."

Rebecca Milkowsky spoke up. "When it comes to real estate prices, people should exaggerate as much as they can because it helps the entire community."

"I heard that Robbie and Tommy Griesinger couldn't sell their place, so they turned it into a bed and breakfast business."

"They sound desperate. 'They told me that the bed and breakfast arrangement will guarantee them one meal a day, which is the minimum that doctors say you need during a housing slump.'"

Herman Methfessel said, "I think that the lesson from this meeting is, don't sell your house for what it's worth — sell it for whatever someone is prepared to pay."

"But," protested Ray Slattery, "then you take all the greed out of real estate, and greed is what the business is all about."

Honoring the Physics Teacher

By Michael Dobbs

RYAZAN, U.S.S.R. — For the best part of two decades, this sleepy provincial town in the middle of the great Russian plain did all it could to obliterate the memory of its most famous son. This year, it finally rehabilitated him.

Alexander I. Solzhenitsyn, chronicler of the gulag labor camps and prophet of the fall of communism, was made an honorary citizen of Ryazan a few weeks ago. A memorial plaque was attached to the side of the white clapboard house where he wrote many of his best-known works, like "A Day in the Life of Ivan Denisovich," "The First Circle" and "The Gulag Archipelago." There is even talk of naming a street after Solzhenitsyn.

Solzhenitsyn's return to civic favor in Ryazan has more or less coincided with his controversial re-entry into the Soviet political dialogue, 16 years after he was forcibly deported for "actions incompatible with Soviet citizenship and harmful to the Soviet Union." In September, Soviet newspapers published a 16,000-word political tract by Solzhenitsyn that calls for the dismantling of the Soviet "empire" and the introduction of a quasi-monarchic guided democracy to replace the Communist system.

Titled "How Are We to Organize Russia?" Solzhenitsyn's pamphlet has become the subject of heated debate throughout the Soviet Union. President Mikhail S. Gorbachev decided that it was so important that it warranted a direct response from the floor of the Soviet parliament. Although he praised Solzhenitsyn as an outstanding writer, he attacked his political views as reactionary.

"He lives in the past," the Soviet leader declared.

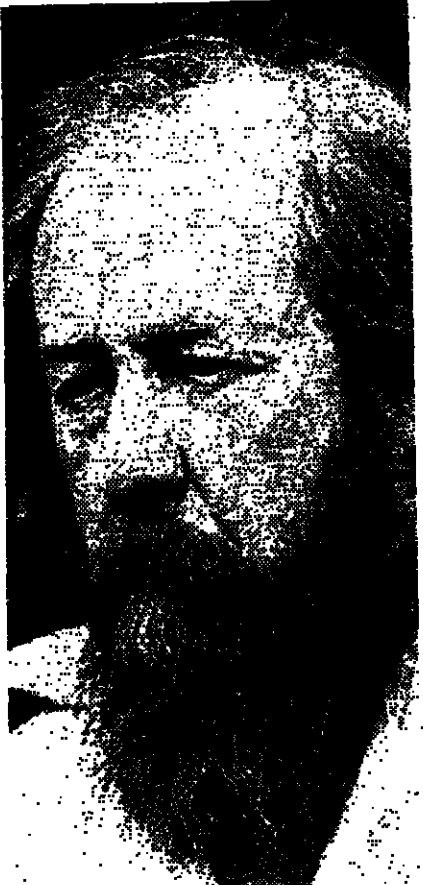
The people of Ryazan are clearly enjoying the reflected glory of a man who was once routinely denounced by the Kremlin as a "traitor" and a "renegade." But they seem to be of two minds about his message. Here in the Russian heartland, the stock reaction to Solzhenitsyn's latest pronouncement from Cavendish, Vermont, is that the author is undoubtedly a great patriot, but perhaps a little out of touch with recent developments.

"Solzhenitsyn predicted much of what has happened in the Soviet Union, but he has been away from us for a long time," said Valeri Ryumin, Ryazan's recently elected mayor and a good representative of a new breed of radical politicians now coming to power in Russia. "Of course, he is right in many respects. If we cannot feed Russia, what purpose does all this imperialist talk serve? But Solzhenitsyn is telling us things we already know. We have now moved on."

"A lot has changed since Solzhenitsyn left Ryazan," said Viktor Sergeyev, a lecturer at the Ryazan agricultural institute, who now occupies the tiny three-room apartment on Uriskovo Street where Solzhenitsyn lived with his first wife, Natalya, from 1957 to 1969. "He writes as if nothing had changed, that the same old bureaucratic apparatus controlled everything."

Asked about the provocative opening sentence in Solzhenitsyn's essay — "Communism has lived its final hour" — Sergeyev winced. "Well, perhaps some of the expressions he uses are a little sharp, a little offensive. Perhaps it's too early to say this. In general, I would say, he is 70 percent right."

The 12 years that Solzhenitsyn spent in Ryazan were probably the most productive of his literary life. He had just been released from 11 years in Stalinist labor camps and was determined to expose the horrors of the gulag to the world. As his biographer, Michael Scammell, has noted, Solzhenitsyn arrived in Ryazan "unknown, unassuming, an obscure provincial teacher." He left "in a blaze of publicity, world-famous, controversial, at the eye of the storm."



Solzhenitsyn: A little out of touch?

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PEOPLE Delon's Art Sale

Alain Delon, the French actor, sold 32 paintings at the Drouot auction house in Paris for a total of 35 million francs (\$7 million). Delon sold his most valuable painting of the day, a 1910 Matisse portrait of a young woman, for 6 million francs. Delon said he was selling the paintings, which included canvases by Corot and Bonnard, to pay for his March 25 purchase, in partnership with the French steel magnate Francis Boregasse, of Matisse's "The Pretty Shopkeeper," for which they paid 63 million francs. Buying the painting was "an act of madness," Delon said. The Pretty Shopkeeper "seduced me, and was certainly the most expensive woman of my life."

Andrew Lloyd Webber, one of the most successful composers for the musical theater, reportedly has been making \$1 million a month during the past two years, but is concerned he is not taken seriously as a composer. According to Fame Magazine, Lloyd Webber, sung by the baritone from critics, once asked the legendary lyricist Alan Jay Lerner, "Why do people take an instant dislike to me?" Lerner replied: "Because it saves time."

Ferment at Trump Tower on Manhattan's Fifth Avenue. At a recent tenants' meeting, complaints surfaced about "that kid with a beard who brings his bicycle into the elevator." That kid is none other than the director Steven Soderbergh. His landlord, Donald Trump, spoke up on behalf of the filmmaker, saying Spielberg needed his exercise. Trump promised, however, to ask him to bring the bicycle up on the service elevator.

Wendy Warner, an 18-year-old American artist, won the first prize of 60,000 francs in the Fourth International Rostropovich Competition in Paris. The second prize went to Colin Carr of Britain, 33, and the third was shared by Anne Gastinel and Xavier Philippe, both French and both 19. The Literary Medias Prize was won in Paris by Jean-Noël Paganini for "Winter Quarters." Another Ghana, 34, who is Indian, was awarded the Médaille d'Or for best foreign writer for "The Fires of Bengal." The jury said: "In the West we are deodorized. This novel is fragrant with

crow-dung and spices." Pierrette Fleutiaux, an English teacher, won the Femina Prize for "We Are Here" about an incestuous love affair.

And how does Dick Clark manage to retain his youthful looks? According to him, there's a one-word answer: sex. Clark, 61, who has been host of "American Bandstand" since 1956, says, "Sex is a very important part of my life. Sex keeps me young. The more you want it, the more youthful you are, mentally and physically."

Paul Newman and his wife, Joanne Woodward, star as straight-laced Midwesterners facing changing times in "Mr. and Mrs. Bridge." Newman says there are some similarities between the movie and real life. "Joanne really thinks I am Walter Bridge," he said. "Remember that scene where India (Mrs. Bridge) announces she is going to leave Walter, although she has no intention of doing so? Once I packed a suitcase and announced I was leaving Joanne, I slammed out of the house. But I was back in a couple of hours, knocking on the front door."

A self-portrait of Marilyn Monroe will be auctioned along with 35 other art works by famous people who enjoyed art as a hobby. The auction, scheduled for Tuesday at the Edward Nahamkin Fine Arts Gallery in New York, is a benefit for the American Cancer Society in memory of the late actress. The portrait, which is a painting of the pop artist Andy Warhol by the actor Jeff Bridges, the rock star David Bowie's "A Child in Berlin," and a painting by playwright Tennessee Williams did as a teen-ager.

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